Austria Sch 20 · Bahrain Din 0.650 · Belgium BFr 45 · Canada C$1.00 · Cyprus C£0.75 · Denmark DKr 8.00 · Egypt E£1.00 · Finland Fmk 6.50 · France FFr 6.50 · Germany DM 2.20 · Greece Dr 80 · Hong Kong HK$ 12 · India Rup 15 · Indonesia Rp 3100 · Israel IS 3.50 · Italy L 1500 · Japan Y 500 · Jordan Fils 500 · Kuwait Fils 500 · Lebanon L 25.00 · Luxembourg LFr 45 · Malaysia Rlt 4.25 · Mexico Peso 300 · Morocco Dh 6.00 · Netherlands Fl 2.75 · Norway Nkr 7.00 · U.A.E. · U.S.A.

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,082 · Wednesday November 12 1986 · D 8523 B

**Argentina steps-up diplomatic offensive, Page 4**

World news

## Further toxic leak disclosed by Swiss

Swiss authorities discovered a second accidental discharge of toxic chemicals into the river Rhine and Ciba-Geigy, the chemical company, has admitted responsibility.

A senior chemist at Basle's Water Safety Administration said the company acknowledged spilling 400 litres of the weedkiller Atrazin into the river on October 31.

The incident occurred a day before a fire at a nearby warehouse owned by Sandoz, another Swiss chemical group, caused tonnes of toxic chemicals to be washed into the river. Swiss Government expected to face criticism, Page 3

### Beirut fighting

Palestinian guerrillas and Shia Moslem Amal militiamen clashed around a refugee camp and Palestinian sources said three people were killed and 12 others wounded inside the camp.

### S. Africa bombings

Two bombs exploded in the small South African mining town of Newcastle, wounding at least 20 people, a hospital spokesman said. Page 5

### Egyptian Cabinet

Dr. Atef Sidki, Egypt's new Prime Minister, has installed close associates in the finance and economy portfolios, a signal that he wants to assert his authority in economic policy making quickly. Page 4

### Red Cross flight

An International Red Cross team has flown to Iran hoping to resume its visits to prisoner-of-war camps, broken off in October 1984 after a dispute with the Tehran Government, a Red Cross official said.

### Mozambique poll

Mozambique's second general elections since independence in 1975, suspended after President Samora Machel's death last month, have resumed, a Government spokesman said.

### Dissident held

South Korean police held dissident leader Kim Dae-Jung in his car in Seoul's main square for more than two hours to prevent him attending an anti-government rally, and then put him under house arrest.

### Chernobyl charge

An official Soviet newspaper accused a Government ministry of delaying production of a medical preparation that could help radiation victims of the Chernobyl nuclear accident.

### Bolivian killing

Edmundo Salazar, a leftist Bolivian congressman probing the corrupting influence of drug traffickers, was shot dead as he returned home, his relatives said.

### Death penalty

Chile's Supreme Court has ruled the death penalty can be applied against those found guilty of murder under the country's tough anti-terrorist laws.

### Tamils detained

Thirty-seven Sri Lankans, said to be members of the Tamil separatist movement, are being held at Cairo airport, Egypt's Middle East news agency said.

### Ugandans flee

About 1,600 Ugandans fled to Kenya fearing the consequences of tribalism, Kenyan President Daniel arap Moi said.

### Yugoslav fraud

Two Yugoslav former company directors are on trial in one of the biggest embezzlement cases in the country's history.

### Jahangir's run ends

The 5½ year unbeaten run of Jahangir Khan (Pakistan) ended when New Zealander Ross Norman beat him 9-5, 9-7, 7-9, 9-1 in the world open squash championship final at Toulouse.

Business summary

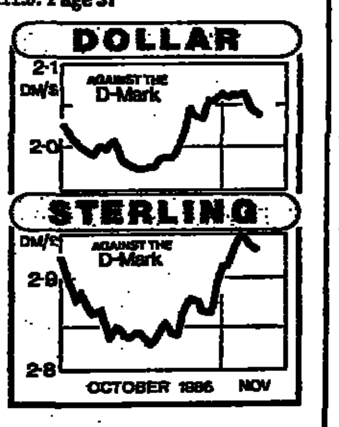
## VW profit falls 13% in nine months

VOLKSWAGEN, West German car maker, saw net profits fall 13 per cent to DM 369m ($184m) in the first nine months because of problems in South America, the weak dollar and new model costs. Page 21

JAPAN: Five leading steelmakers and six top shipping companies reported losses for the half ending in September, with the appreciation of the yen a major factor. Page 24

Dresdner Bank joined Deutsche Bank, largest commercial bank in West Germany, in agreeing to a plan for extension of the moratorium on debt repayments of the Neue Heimat, the biggest housing group in Western Europe until the end of next year. Earlier story, Page 2

DOLLAR fell in London to DM 2.0350 (DM 2.0455). It fell to Y162.15 (Y162.75); SFr 1.6890 (SFr 1.6990); FFr 6.650 (FFr 6.6875). On Bank of England figures the dollar's exchange rate index fell to 111.5 from 111.9. Page 37




STERLING closed at $1.4385 ($1.4355) in London. It fell to DM 2.93 (DM 2.9375); Y233.25 (Y233.50); SFr 2.42 (SFr 2.44); FFr 9.5725 (FFr 9.60). The pound's exchange rate index fell 0.2 to 69.2. Page 37

GOLD fell to $405.50 ($410.75) on the London bullion market. It also fell in Zurich to $405.75 from $410.75. Page 36

LONDON financial markets drifted in hesitant trading. Government bonds ended a shade easier. The FT-SE 100 index closed 4.7 higher at 1,600.9 but the FT Ordinary index was down 1.8 at 1,311.7. Page 44

TOKYO: Buying enthusiasm boosted equities almost across the board. The Nikkei average added 247.36 to 17,300.56, the fourth consecutive daily gain. Page 44

WALL STREET: The Dow Jones industrial average closed 3.66 up at 1,895.95. Page 44

BOEING, US aerospace company fighting for the contract for Britain's airborne early-warning system, said its E-3 aircraft would cost a third less than Nimrod and save 50,000 jobs for eight years. Page 13

MUNICH RE, West Germany's biggest reinsurance group, forecast profits this year sufficient to replenish reserves and pay a maintained dividend. Page 21

US STORES groups J. C. Penney, Wal-Mart and The Limited reported sharply improved third-quarter sales and earnings, reflecting the continuing strength of US consumer spending. Page 21

EQUITICORP TASMAN, Australian company controlled by New Zealand entrepreneur Allan Hawkins, disposed of significant stakes in ACI and BHP, two leading Australian companies. Page 24

CHASE MANHATTAN, America's third largest bank, has received Bank of Italy permission to open retail banking branches in two northern Italian cities. Page 21

McDONALD'S is to open its first hamburger outlet in Eastern Europe in Budapest next spring. Page 8

AUSTRIA is poised to sign a NKr 20bn ($2.7bn) gas agreement with Norway. Page 5

CURRENCY markets in the US were closed for the Veterans' Day holiday.

# Syria pledges to help win release of more hostages

BY DAVID HOUSEGO IN PARIS AND ROGER MATTHEWS IN LONDON

TWO FRENCH hostages arrived back in Paris last night after being released in Damascus in what is widely seen as a gesture of thanks to France for helping to minimise EEC sanctions against Syria. Mr Jacques Chirac, the French Prime Minister, was at the airport to welcome them.

Mr Farouk al-Shara, Syria's Foreign Minister, pledged yesterday that his country would continue to do all it could to secure the release of other hostages still held in Lebanon.

"The Syrian Government wants good relations with all countries. But those countries which show hostility to Syria should expect the same in return," he warned.

Mr Camille Sontag, 85, and Mr Marcel Coudari, 54, were handed to French officials at the Syrian Foreign Ministry yesterday morning having travelled overnight from Lebanon. They had been delivered into Syrian custody by the Iranian-backed Revolutionary Justice Organisation, an extremist Moslem faction.

The French Foreign Ministry thanked the Syrian authorities for the role they had played. But it is believed that the release would not have been possible without the assistance of Iran, which was willing to allow most of the credit to be claimed by Syria.

In a clear indication of the importance of Iran's role, Mr Jean-Bernard Raimond, the French Foreign Minister, announced yesterday that a partial agreement had been reached with Tehran over the financial dispute involving a $1bn Iranian loan made while the Sah was in power to the European enriched uranium facility, Eurodif.

Mr Raimond is due soon to meet Mr Ali Akhbar Velayati, the Iranian Foreign Minister, prior to a French repayment of $330m. Mr Velayati is a regular visitor to Damascus and held consultations with Syrian officials less than a fortnight ago.

However, Mr Raimond, speaking on television, refused to make a direct link between the resolution of French differences with Iran and efforts to win the release of the further five French hostages in Lebanon.

He said he was convinced that Mr Velayati "was a man of his word who will help us". But Mr Raimond insisted that there had not been any bargaining over the release of the two hostages yesterday and claimed that French foreign policy had been completely dignified over the issue.

In a brief statement, President François Mitterrand told the hostages that he rejoiced in their release, which may also have helped to defuse the political row threatening to break over Mr Chirac's head following an interview he gave to the Washington Times.

In the interview Mr Chirac expressed doubts over Syrian responsibility for an attempt in London last April to place a bomb on an Israeli airliner, and sharply criticised Britain's decision to break diplomatic relations with Damascus.

Syria yesterday indicated some satisfaction at the outcome of Monday's meeting of EEC Foreign Ministers in London, during which 11 of the 12 members adopted a limited package of measures against Damascus.

Mr al-Shara said that after a careful reading of the EEC statement "it is obvious that they are not all convinced that the British allegations are true. We believe that the statement was made under American pressure."

The Syrian Foreign Minister added that the European statement "shows a lack of genuine consensus. It gives flexibility to each country to

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Background, Page 3; Editorial comment, Page 18

# EEC steel makers offer radical production cuts

BY WILLIAM DAWKINS IN BRUSSELS

EUROPE's leading steel producers have proposed radical capacity cuts in a bid to head off EEC plans for further liberalisation of the Community's present steel making cartel.

Eurofer, the major integrated steel producers' association, has told the European Commission that its members are prepared to sacrifice 11.9m tonnes of production capacity over the year period from next July 1 to December 31 1990, an industry source revealed yesterday.

Such a reduction would represent well over half of the 19.9m tonnes of steel overcapacity which the Eurofer plan estimates will have built up in the Community by the end of the decade though the Commission's own figures put the surplus for 1990 rather higher, at 21.7m tonnes.

Eurofer, which was not available for comment yesterday, is said to envisage that the cuts would primarily fall among production of hot-rolled coil and heavy plate, areas where big integrated producers are traditionally dominant.

The plan does not give details of the undoubtedly heavy job losses that would result from the capacity reductions. Nor does it suggest where the cuts might fall. It does, however, call for the creation of a social fund, to be financed from the EEC budget rather than by Eurofer, to help revitalise the regions that would be hit by plant closures.

Eurofer's plan will be debated by a meeting of EEC industry ministers in Brussels next Tuesday. It comes in response to European Commission proposals to lift the six-year-old system of fixed prices and production quotas for four products, representing 20 per cent of the Community steel production subject to controls. This comes on top of last year's initial liberalisation of quotas for two products, representing 15 per cent of output.

The so-called Davignon plan, aimed at helping European steel producers restructure during the recession, has succeeded in cutting capacity by 31m tonnes to the present 140m tonnes. The commission now argues that the steel industry is healthy enough to shake off its protective controls and is accordingly keen to dismantle the quota regime by the end of the 1987 deadline.

Eurofer and several member states, however, argue that the industry is far from a full recovery. The Eurofer plan therefore offers voluntary capacity cuts only on condition that the present quota re-

Continued on Page 20

# London SE to vote on reform permitting link-up with Isro

BY CLIVE WOLMAN IN LONDON

THE LONDON Stock Exchange's 5,281 individual members are going to the polls today to vote on constitutional reforms which would permit a joint exchange to be set up with the large international securities houses.

Sir Nicholas Goodison, stock exchange chairman, announced to an extraordinary general meeting of members yesterday the results of the proxy votes already cast. They indicate strong support for the reforms, but their relatively low number has left the final outcome uncertain.

"So far it has been encouraging but there is a haunting doubt that a huge mass of opposition will go into the polls tomorrow," said Mr Jonathan Miller, of County Securities, a leading member of the stock exchange council.

The council has strongly endorsed the constitutional reforms which are the outcome of six months of negotiations with the International Securities Regulatory Organisation (Isro), the body representing the multinational securities houses in London. The two interlinked resolutions require a 75 per cent majority of votes to be passed.

Of the 2,760 proxies cast, 2,343 votes were in favour of the second resolution, which lays down the terms of a controversial scheme to compensate existing members for the loss of their voting control. Another 333 votes were cast against the resolution, giving a majority in favour of reform of 87.6 per cent. The majority in favour of the first resolution, which creates limited liability for the owners of the stock exchange, was even larger at 91.8 per cent.

However, more members are traditionally prepared to vote against the recommendations of the council in the secrecy of a poll than in proxy votes, when they may feel subjected to pressure from the senior members of their firms. Last year, a 79.2 per cent majority of proxies in favour of a constitutional reform – which also proposed a compensation scheme – was reduced to a majority of only 73.6 per cent after the poll, and the resolution failed. Whereas last year nearly 70 per cent of the total membership voted by proxy, this time the proportion was only 52 per cent.

Less than 130 members were present to debate the issues at yesterday's meeting in the City of London, apparently because of the pressures at work caused by the Big Bang or deregulation changes. Last year's attendance was about 1,000.

Most of those present yesterday opposed the resolutions. They criticised the terms of the compensation scheme, which will require members to wait until they reach the age of 60 before they receive a fixed sum of £10,000 ($14,360). They also complained that the members of Isro were being allowed into the stock exchange too cheaply. One member said that Lord Goodman, the former master of University College, Oxford, was willing to renegotiate the terms of the compensation scheme and the entry of Isro members.

But Sir Nicholas insisted that the council could not, and would not, renegotiate any of the terms.

# Britoil to sell its US energy interests

By Lucy Kellaway in London

BRITOIL, the largest UK independent oil company, yesterday announced that its oil and gas interests in the US are for sale, bringing to an end an unsuccessful policy of expansion in North America.

During the past three years, the company has spent $157m building up a portfolio of US assets, the value of which has been seriously undermined by the decline in oil prices.

Like other independent oil companies, Britoil has been badly damaged by the fall in oil prices.

So far this year it has shed more than 1,000 employees – about half of its workforce – and has warned that if oil prices remain depressed, it will make a loss in the second half of the year.

Britoil is the second stricken oil company to withdraw from the US. Earlier this year, Tricentrol, one of the hardest pressed of the large oil independents, announced plans to sell its North American interests in an effort to reduce mounting borrowings, but has yet to find a buyer.

Britoil yesterday denied that it was making a distress sale. It claimed that it was in no hurry to find a buyer, and that, unlike Tricentrol, it did not intend to use the money to reduce borrowings, but to reinvest in oil assets in other parts of the world, in particular in Africa and Latin America, where it judges prospects to be better than in the US.

Britoil's US acreage contains about 4m barrels of oil and about 87bn cubic feet of gas, which amount to about 1 and 10 per cent respectively of the company's total oil and gas reserves.

The assets are generating a positive cash flow, even at current oil prices, Britoil said yesterday.

The sale will involve some redundancies, with 19 of the 41 people employed in the US to be laid off by the end of this month.

The company yesterday would not reveal how much it was hoping to receive for the assets, but one analyst estimated the value at about £55m ($78m).

Over the past few months the number of asset sales in the distressed US market has increased.

Last month Lonrho took its first step into the oil and gas industry, by buying a portfolio of US assets, declaring that the market has hit the bottom of the cycle.

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# EEC split over UK plan to cut air fares

BY TIM DICKSON IN BRUSSELS

A KEY MEETING of EEC transport ministers ended in disarray last night, dimming hopes for an early first step towards fostering greater competition among European airlines.

The meeting of Community transport ministers in Brussels ended with member-states still seriously divided on at least one key issue.

Mr John Moore, Britain's Transport Minister and currently chairman of the EEC Transport Council, said some progress had been made. But he expressed his strong disappointment "that only half my fellow ministers are ready to support our proposals for more cheap fares."

He said: "Without any movement on this key issue I have to consider whether it is worthwhile pursuing our package further during my presidency."

Mr Moore said that there will be further "bilateral" negotiations within the next few days in an effort to persuade certain countries to change their minds. Only then could Britain decide whether to pursue the cause of greater airline competition at the next meeting of transport ministers in December.

Other member states were markedly less gloomy after the meeting. France and West Germany, for example, claimed that significant progress had been made and that agreement was "within reach".

One European Commission official present throughout noted that "there was a more serious effort than before to come to terms with the issues" and indeed ministers will have had at the back of their minds the Commission's own threat, failing political agreement, to take European airlines to court under the EEC competition rules.

The Commission set the current ball rolling after a strong nudge from the European Court in April this year which declared unequivocally that the airline industry is subject to the competition rules of the Treaty of Rome.

The Commission's original proposals have since been modified significantly by Britain, which in its role as President of the Council claims this has been necessary in the interests of finding a consensus.

There were suggestions in Brussels last night that Britain's relatively pessimistic assessment is designed to bring member states "back to their senses" and head off the Commission's legal action.

**MAIN PROPOSALS ON AIRLINE LIBERALISATION**

- AIR FARES: Remove excessive conditions – such as mandatory Saturday night stay-over – on discount and deep discount fares. Ministers badly split.
- CAPACITY: Outlaw current bilateral deals under which airlines of different countries flying the same route split passenger traffic revenues on a 50–50 basis, regardless of actual airline performance. Move to 55–45 within two years and automatically to 60–40 within three. Tentative majority agreement (10–2).
- MARKET ACCESS: Allow more than two airlines to compete on established routes and open up more regional routes. Majority agreement with some reservations (9–3).

The UK has certainly staked much on getting an agreement before the end of its presidency next month, but Mr Moore has also insisted that his proposals on the three key areas of cheaper fares, capacity sharing and market access are Britain's bottom line.

The current compromise has already been criticised by consumer groups as a sell out to the airlines and a blatant deception of the travelling public.

The major stumbling block yesterday was the issue of cheap airfares and Britain's insistence that conditions attached to these tariffs should be substantially eased. Only six member states could agree to this proposal, with France, Italy, Greece and Spain among those against.

A majority of ministers, however, now appear to favour the British ideas on capacity sharing and better access to established routes for new airlines.

Under the Community's voting rules, however, agreement must be unanimous, while Mr Moore has insisted that the measures stand or fall as a package and cannot be picked off individually.

The European Commission could well make the next step with the deadline for airline responses to its letters alleging anti-competitive practices due to run out within the next 10 days. A Commission official said last night that these would be carefully studied before any further action was taken.

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# Italy clears the air over Harriers for navy

BY JOHN WYLES IN ROME AND DAVID BUCHAN IN LONDON

THE ITALIAN Government has given a fresh push to its new policy of a more visible defence in the Mediterranean by quelling a protracted inter-service dispute that has so far blocked purchase of British Sea Harriers for its aircraft carrier, the Garibaldi.

Following a meeting last Friday with his naval and air chiefs of staff, Mr Giovanni Spadolini, the Defence Minister, has issued a statement thanking the two services for assuring "a close and daily co-operation during the year which has seen the two forces committed to the air and sea defence of the islands and of southern Italy."

This was a reference to generally rising tension in the Mediterranean, but particularly to the unsuccessful Libyan missile attack in May on a US navy base on the southern Italian island of Lampedusa. This prompted extra deployments of Italian forces in the region.

The statement, significantly, stressed that both air and navy chiefs of staff attach "particular importance" to legislation now before the Italian Senate that would allow the navy to operate fixed-wing aircraft like the Harrier.

Mr Onorevole Alchese, the Minister for Defence Procurement, said in an interview that "we are very close to a solution that will allow us to buy short-take-off-vertical-landing (STOVL) aircraft for the navy."

British Aerospace says Italy wants to buy 12 of the FRS-2 variant of the Sea Harrier for service on the Garibaldi.

He said that Italy was interested in buying 12 Sea Harriers for the Garibaldi, which already has a ski-jump launching ramp to take such aircraft, though for the moment it carries nothing but helicopters. According to British Aerospace, 12 of the FRS-2 variant, which Italy wants and which is more modern than the FRS-1 version currently operated by the Royal Navy, would cost around £8m-£9m.

Mr Spadolini has called the ending of the argument between the navy and air force over who should operate fixed-wing aircraft as of "historic importance." The introduction of carrier-borne aircraft has led to inter-service disputes in many Western countries, but in most of them it has been settled decades ago.

Events in the past year however, have changed government and military perceptions of the threat from the Middle East in general and Libya in particular. Other signs of a stepped-up Italian defence policy include:

- A planned 3 per cent real increase in defence spending in 1987 and 1988, after zero real growth this year.
- Planned purchase of tanker aircraft to extend the range of the air force.
- Creation of the Forze d'Intervento Rapide or rapid intervention force, which was deployed to Lampedusa and other southern islands last May.
- Interest in buying foreign airborne early warning (AEW) aircraft. During the Achille Lauro affair a year ago, Italy was reported to have asked Nato for loan of an Airborne Warning and Control aircraft to track the aircraft carrying the hijackers through Italian air space, and was told by Nato that no Awacs aircraft were available. In the event, the US forced the aircraft down in Sicily.

Two other factors are attributed to the fresh Italian interest in buying Harriers. The first is the appointment of General Franco Pisano in September to be chief of the air staff. He has been trained partly in the US and Britain and served as military attache in Saigon in 1967-68 where he might have been struck by the potential of sea-borne air power.

The second factor, according to Mr Alchese, is increasing Italian industrial interest in STOVL technology. By buying some Sea Harriers, Italy would hope to get in on future STOVL developments such as UK-US development of supersonic Harriers. BAe says it is ready to consider substantial industrial offset arrangements for Italy.

Mr Alchese suggests that Italy run a joint service operation for its own Harriers and those bought earlier by the Spanish navy.

# Close adviser to Rau quits as SPD changes tack

BY PETER BRUCE IN BONN

WEST GERMANY'S opposition Social Democrats (SPD), stunned by bad poll defeats in Bavaria last month and in Hamburg on Sunday, have lost their party spokesman, Mr Wolfgang Clement, who has also been running Mr Johannes Rau's campaign to topple Chancellor Helmut Kohl in January's general election.

It is another serious blow to the SPD, whose chances of winning in January seem to diminish almost daily. Mr Clement (46) was one of the party's most attractive public figures but also the architect of its controversial campaign to insist it was striving for an absolute majority in January.

This strategy has failed to arouse voters and has just been abandoned. Mr Clement resigned on Monday night during a meeting of the SPD's executive when the strategy came under fire, from, it is believed, Mr Willy Brandt, the former Chancellor.

Instead, the SPD will now have to concede during campaigning that it will be open to offers for coalition if the arithmetic is favourable after the election. That means that Mr Rau can no longer credibly rule out coalition with the radical Greens party, which he despises.

Mr Rau, who is the premier of North Rhine Westphalia, West Germany's most populous state, said yesterday he planned to ask Mr Clement to join his staff in a personal capacity as an adviser in the run-up to the election.

The two are very close and Mr Clement was a perfect bridge between the chancellor candidate and the parliamentary party in Bonn.

It is not quite clear how Mr Rau plans to present his new strategy but he will have great difficulty convincing voters outside his home state that his own attitudes to coalition with any party have changed.

# Greece set to exceed inflation target

By Andriana Ierodiaconou in Athens

THE GREEK Economy Ministry announced yesterday that it expected to overshoot the 16 per cent annual inflation rate target set for 1986 by an economic stabilisation programme introduced by the Socialist Government just over a year ago. However, Mr Costas Simitis, Economy Minister, said: "We believe the deviation will not be great."

The stabilisation programme introduced in October 1985 was designed to curb inflation – which reached 25 per cent last year – through the reduction of the public-sector borrowing requirement, a tight monetary policy and the effective dismantling of the system of index linking of wages and salaries introduced by the Socialists when they first came to power in 1981.

The most significant deviations from the target have occurred in the area of credit expansion to the public and private sector, which ran considerably over target in the first months of the year. There have also been unofficial reports of under-the-table wage increases beyond those permitted by the Government's incomes policy for 1986.

Last week the authorities announced a three-month price freeze, effective immediately, on goods and services – officially to prevent speculative trading in anticipation of the introduction of value-added tax on January 1 1987, but unofficially also seen as a bid to keep inflation within the 16 per cent target.

# Deutsche Bank may extend deadline on Neue Heimat debt

BY ANDREW FISHER IN FRANKFURT

DEUTSCHE BANK, the biggest commercial bank in West Germany, said yesterday it was ready to agree to an extension of the moratorium on debt repayments of the ailing Neue Heimat concern until the end of next year.

The statement by Deutsche Bank came the day after a group of 15 leading creditor banks of Neue Heimat, which has total debts of DM 17bn ($8.5bn), wrung an agreement out of the trade unions to buy back the housing group from the Berlin bakery owner to whom they had sold it for a nominal DM 1.

The bank said it thought an extension of the moratorium beyond the end of this year could be achieved. Such an extension was mentioned yesterday by the unions' holding company, BGAG, as a precondition for its agreement to take back Neue Heimat.

The unions' deal with Mr Horst Schiesser, the bakery owner, failed because leading creditor banks – altogether, 160 are owed money by the group – had no confidence in his ability to rescue loss-making Neue Heimat, riddled with scandal and corruption in recent years.

Deutsche Bank said it hoped BGAG's agreement with the banks last night marked the end of "an attempt at a solution marked by incompetence."

It added that banks were not expected to take a stake in the new company which would be formed to run Neue Heimat and slowly wind up its operations.

Further details of the surprise action to remove Mr Schiesser from control of Neue Heimat emerged yesterday. BGAG is expected to own 51 per cent of the company which will run the housing group and arrange a gradual sale of assets, thus avoiding bankruptcy and pressure on property prices through forced sales of its 190,000 homes.

The other 49 per cent will probably be in the hands of public and private financing bodies, such as insurance companies, involved in the housing market. The affair has left the trade union movement in disarray, with Mr Ernst Breit, head of the Federation of Trade Unions (DGB) calling a press conference on Monday evening to explain matters and then cancelling it after journalists had waited nearly two hours.

# Milan's mayor and city council resign

By Alan Friedman in Milan

MR CARLO TOGNOLI, the popular Socialist mayor of Milan who has been in office nearly 11 years, resigned yesterday amid conflict and confusion in the city's five-party coalition. His surprise resignation was followed by that of the rest of the city council.

Three issues led to the resignation, which Mr Tognoli is believed to have discussed beforehand with Prime Minister Bettino Craxi. These were allegations of improprieties in the recent purchase of land by the city council, bitter conflict between Christian Democrat and Socialist members of the coalition, and increasing signs that Mr Craxi's own brother-in-law, Mr Paolo Pillitteri, wants the mayor's job.

Mr Tognoli, who governed Milan in a coalition with the Communist party from 1976 until 15 months ago, is also a member of the European Parliament. He has wanted to stand for office in the Rome Parliament for some time and is mentioned as a possible future member of the cabinet. For the past 15 months Milan has been governed by a five-party coalition of Christian Democrats, Socialists, republicans, Social Democrats and Liberals.

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THE LEBANON HOSTAGES

# Chirac treads perilous path in Middle East

BY DAVID HOUSEGO IN PARIS

MR JACQUES CHIRAC, the French Prime Minister, had good reason yesterday to heave a *sigh of relief that the freeing of the two French hostages* came in time to deflect criticism from him over his interview with the Washington Times over the French stance in the EEC negotiations on terrorism. But he cannot breath easily until the other five French hostages have been freed as well.

Radio Tehran yesterday praised him for the "*intelligence" of French policy* in the Middle East and for improving relations with Iran and Syria. But, indicating that thorns could still lie in his path, it said that France "had fulfilled several of the conditions" for normalising relations between the two countries and that negotiations would continue.

It must remain an open question what Iran will throw into the basket as its price for leaning on the Islamic extremists in the Lebanon to secure further releases.

The freeing of Mr Camille Sontag and Mr Marcel Coudari appears to have been carried out under the orders of the Iranians, who in turn came under strong pressure from Syria. President Hafez Assad's regime was anxious for a gesture to be made to France for minimising EEC sanctions against Syria—but it could not act on its own.

For even though both the Revolutionary Justice Organisation (which released the hostages yesterday) and Islamic Jihad (*which is believed to hold* most of the rest) operate out of Syrian controlled areas in Lebanon, they appear to take orders only from Tehran. When Abdel Halim Khaddam, the Syrian Vice President, visited France in July, he promised Syria's best efforts to secure the release of the remaining hostages. But he was subsequently unable to deliver.

By contrast, one of the first assessments of Mr Chirac on coming to power in March was that the key to the hostages' release lay through Tehran. He thus initiated government-to-government talks with Iran in which *Ayatollah Khomeini's* regime posed three conditions for exerting its influence: a cut in France's massive support for Iraq; the expulsion of Iranian opposition leaders from France, and repayment of the $1bn loan made by Iran during the time of the Shah to the European enriched uranium consortium.

It was shortly after the expulsion of the Mojahedin leader Massoud Rajavi and the opening of the negotiations on the financial dispute, that the first two French hostages were released.

Coinciding with yesterday's release, Mr Jean-Bernard Raimond, the French Foreign *Minister publicly confirmed* that over the next few days he and Mr Ali Akhbar Velayati, his Iranian counterpart, would sign an agreement partially resolving the dispute. In practice, France has agreed to pay back FFr 330m (£50m) of the outstanding loan. The ministerial meeting in Geneva also constitutes for the Iranians an important step towards more official recognition.

These measures, coupled with Syrian pressure on Iran to reward France for its friendly stance in the EEC meeting on Monday paved the way for the two hostages to return to France. President Assad's regime would have looked foolish if it had had no compensation to offer the French Government for helping to offset the unfavourable publicity caused by the Hindawi affair.

Yesterday's release, none the less, leaves Mr Chirac's relations with both Syria and Iran in a complicated and fragile state. As against Syria's need for a French helping hand in Europe, Mr Chirac also needs Syrian support in preventing further terrorist attacks in France and in enabling French forces to remain in Lebanon.

As for Iran, on which he is *dependent* for the release of further hostages, Mr Chirac made clear in his off-the-record comments his immense distrust for the Khomeini regime. Speaking of the "extraordinary danger that stems from Iran," he said the first priority of policy "must be to prevent the Middle East being engulfed by religious fanaticism."

**THE REAGAN Administration, *throws into disarray by* revelations of its secret dealings with Iran, has begun a counter-offensive aimed at reassuring its allies and defusing reports of sharp splits among President Ronald Reagan's top advisers, writes Lionel Barber in Washington.**

**The White House, referring to reports that the US had shipped arms to Iran to gain *the release of American hostages* in Lebanon, said on Monday that "no US law has been or will be violated" and *that US policy of not making* concessions to terrorists remained intact.**

**In a related development, Mr George Shultz, US Secretary of State, said yesterday that he had sent Mr Reagan recommendations for action against Syria because of its alleged role in sponsoring terrorism.**

**Mr Shultz, widely believed to have protested against the *secret dealings with Iran*, did not disclose the recommendations. But the hint of further US action against Syria follows the withdrawal of the US ambassador in Damascus and a package of EEC measures against Damascus agreed in London this week.**

**Senior members of the Administration met on Monday to discuss how to defuse the row over the dealings with Iran which were conducted by a small group of *White House staff working for* the National Security Council.**

# Nineteen foreigners still detained

NINETEEN FOREIGNERS are still missing, believed kidnapped, in Lebanon. Seven are Americans, seven French, two Britons, and an Italian, an Irishman, and a South Korean, Reuter reports from Beirut.

Since January 1984, 55 foreigners have been seized: 33 have been freed, four escaped, one was rescued and six were killed.

The missing Americans are:

Terry Anderson (39) from Lorain, Ohio. Middle East bureau chief of the Associated Press.

Thomas Sutherland (54), dean of agriculture at the American University of Beirut

William Buckley (57), political officer at the US embassy. Islamic Jihad said in October last year it had executed him

Falk Warch (62), businessman of Syrian origin.

Frank Herbert Reed (54), director of the Lebanese International School.

Joseph James Cicippio (56), chief accountant and deputy comptroller at the American University Hospital.

Edward Austin Tracy (56), book salesman.

The missing French nationals are:

Marcel Fontaine (43), French embassy vice-consul

Marcel Carton (62), French embassy attaché

Jean-Paul Kauffmann (43), journalist for the French weekly l'Evenement du Jeudi

Michel Seurat (38), Arabist researcher at the French Centre for Studies and Research of the Contemporary Middle East. Kidnapped with Kauffmann. Islamic Jihad announced his "execution" last February, saying he had provided information to French intelligence.

Aurel Cornea (54), soundman with French Antenne-2 television network crew

Jean-Louis Normandin (34), Antenne-2 lighting technician, abducted with Cornea

Florence Raad (30), Franco-Lebanese journalist.

The missing Britons are:

Alec Collett (64), journalist on assignment for the UN Relief and Works Agency for Palestinian refugees. His "execution" was announced in April by a group calling itself the Revolutionary Organisation of Socialist Moslems

John Patrick McCarthy (29), Worldwide Television News journalist.

Others:

Brian Keenan (35), Irish teacher at the American University of Beirut.

Chae Do-Sung (43), South Korean embassy official.

Alberto Molinari (60), Italian businessman.

# Swiss face criticism over Sandoz accident

By William Dawkins in Brussels

**THE SWISS Government is expected to face fierce criticism in Zurich today over its handling of the recent Sandoz chemical depot accident which has led to serious pollution of the Rhine.**

**The Swiss authorities have invited environment ministers from five countries bordering the river to the meeting to discuss the impact of the chemical spill which followed a fire at the Sandoz chemical depot in Basle 11 days ago.**

**Switzerland yesterday came under renewed attack for alleged delays in informing neighbouring states about the accident and pollution danger, at a meeting of EEC Transport Ministers in Brussels. The criticism was led by the Netherlands and France.**

**Separately, a senior chemist employed by the Swiss Water Safety Administration in Basle said that Ciba-Geigy, another Swiss chemicals group, had admitted spilling 400 litres of Atrazin weed-killer from a treatment plant into the Rhine a day before the fire.**

**Yesterday, Mr Stanley Clinton Davis, European Commissioner responsible for the environment, told the regular *meeting of EEC transport* ministers that although the Zurich meeting could be "no more than a preliminary examination . . . there are a number of areas which will need to be examined."**

**These included improvements to early warning systems against pollution on the Rhine, the adequacy of preventive measures, and whether these needed tightening up.**

***The European Commission* has asked that the disaster be discussed in more detail at the next meeting of EEC environment ministers on November 24.**

# Bitter blow for Britain as hope of air fares compromise fades

BY TIM DICKSON IN BRUSSELS

"AT one point in the morning it looked as though there might just be a satisfactory package on the table. Then member-states started picking at it and it quickly unravelled."

That was how one European Commission official summed up yesterday's failure of EEC transport ministers to agree controversial proposals aimed at stimulating greater competition among European airlines and forcing down fares for consumers.

Whether the official's earlier optimism was justified is now largely an academic question. For in spite of the refusal of Mr John Moore, the British chairman of the council, to admit defeat last night, the feeling among many in Brussels is that further political progress is unlikely this year.

The continued impasse at yesterday's meeting was a bitter blow to Britain, which has set great store on pushing through measures to liberalise air transport before its six month presidency ends in December.

Besides the blatant obstructiveness of certain member states to protect their national airlines, the discussions were complicated by the technical nature of many of the issues and by the fact that even the more enthusiastic countries attached varying degrees of importance to the reforms under consideration.

Given its geographical position on the periphery of Europe, for example, Ireland's major concern understandably lies in pushing hard for so-called "fifth freedom rights"—that is to say permission for aircraft to make intermediate stops en route to their final destination.

Although Britain wholeheartedly supports this demand, the problem area yesterday lay in the more fundamental refusal of six member states to lift the conditions imposed by airlines on discount fares, notably the requirement that travellers stay away six nights or more a weekend.

The six were France, Spain, Portugal, Italy, Greece and Denmark. A French official explained that his Transport Minister, Mr Jacques Douffiagues, is concerned about the extent to which customers would switch from peak services to off peak services to take advantage of the cheaper tariffs and that disagreement over definitions had bogged down the negotiations.

Britain, on the other hand, argues that there is a whole new market of air travellers waiting to be tapped.

Some progress was made yesterday on the other two outstanding issues—capacity sharing and market access—but Mr Moore again emphasised that there could be no package without agreement on all three areas.

On capacity, only Greece and Denmark are now refusing to accept that rigid bilateral deals between airlines splitting up seats on a 50/50 basis should be expanded to a minimum 60/40 range by the third year. Others only felt able to approve this idea after a *French compromise was put* forward on Monday night offering limited safeguards if member states collectively change their minds.

Nine member states out of 12 meanwhile, were reported to favour the presidency's ideas for allowing more than one national airline to compete on routes between major airports and the opening up of routes between regional and so-called *hub airports* like Heathrow *and* Charles de Gaulle.

Under the Community's voting rules, however, any package on air transport liberalisation has to be unanimous. This means that not only the obstructionists but the more reform-minded nations like the Netherlands and Ireland can block a deal on the grounds that it is not sufficiently liberal. Indeed, Mr Jim Mitchell, Ireland's *Transport Minister, last night* indicated that a commitment to fifth freedom rights was now a condition of Ireland's acceptance of the deal.

Observers last night were also pointing out that the situation could change next year when new EEC legislation will enable council decisions to be taken by majority vote.

The ball, however, would now appear to lie firmly with the *European Commission which,* in the absence of political agreement, is poised to proceed with its own case against the airlines under EEC competition rules later this month.

# Leading industrial nations urged to co-ordinate monetary policies

BY ALAN FRIEDMAN AND JOHN WYLES IN ROME

THE FORMER US Vice-President, Mr Walter Mondale, warned yesterday of the dan*gerous consequences of the* "competitive and conflicting policies" currently being pursued by the leading industrialised countries.

Openning the second day of the European business formum, Mr Mondale stressed the need for international statemanship which understood the importance and dangers of global markets. Much haung upon the co-ordination of fiscal and monetary policies between the major economies. Unfortunately, the "Plaza accords" designed to manage the devaluation of the dollar had been replaced by competition and conflict.

For its part, the US had to deal with its 'obscene" federal deficit, while the Western world as a whole must do more to deal with the Third World debt burden by more fully replenishing the resources of the World Bank and the International Development Bank.

The possibility of an adequate Western response to Third World problems was viewed sceptically by the Hon Dato 'Musa Hitam, the former Malaysian Deputy Prime Minister and Home Affairs Minister.

The Third World was "producing more and more for less and less" as a result of falling commodity prices and general protectionism. He praised President Ronald Reagan for resisting domestic US protectionist pressures which he thought would be even stronger following the Democratic party's success in the recent mid-term elections.

The new trade negotiations launched at Punta del Este offered the only "glimmer of hope," but it was going to take years before any agreement was reached.

Discussing transnational co-operation in high technology, Dr Marisa Bellisario, managing director of Italtel, Italy's state-owned telecommunications company, thought that the EEC's efforts to foster technological co-operation were helping overcome the fragmentation which was limiting the benefits of research and development.

Companies themselves were recognising the advantages of co-operation to cope with high R and D costs. But ligeralisation was needed in the Europe of the 1990s, involving open procurement policies by public authorities so as to allow com*panies to perate in a continental* sized market.

***Prof Ralf Dahrendorf***, former EEC Commissioner and former director of the London School of Economics, gave a gloomy assessment of the state of the European Community. "In important respects there is no common market in Europe," he said. He also suggested that EEC political co-operation was a failure. "Whenever there is a serious issue the Community falls apart."

On defence matters, Prof Dahrendorf said the Community had "virtually nothing to offer." *Finally, he said that* the European Monetary System was not an attempt by the Community in the strict sense, but notably by France and West Germany. While the EMS was an exchange rate stabilisation scheme, coupled with a useful system of regular mutual information, it remained "vulnerable to international trends outside its control."

***Mr C. J. van der Klugt***, chairman of hPilips of the Netherlands, identified six problem areas in European business and offered suggestions to resolve them. He criticised job creation policies as a way of dealing with unemployment and favoured instead the use of "wealth creation" policies such as individual management and employee incentives and adult retraining schemes. He also *recommended* increased funding and tax relief for Europe-wide research in high technology sectors, as well as tax relief to encourage venture projects which would create new small companies.

"Shipping gocds around Europe is a nightmare," he said, and he called for a relaxation of Vat levies at border crossings and measures to facilitate trade flows.

Describing developments in the international financial markets, Mr Giovanni Franzi, managing director of Merrill Lynch Europe, traced the increasing role of investment banking and trading at the expense of traditional commercial banks were losing ground, rather that they were increasingly becoming investment banks and traders.

Referring to the $2bn offering of Fiat shares once owned by Libya, Mr Franzani said that the experience had demonstrated that Eurobond distribution techniques could not be applied to equity issues without modifications. Moreover, the sheer volume of the issue :hat it was the equivalent of a $39bn issue on the US market—more than the capital of Ford and General Motors combined.

Discussing problems in the international economy, Lord Roll of Ipsden, joint chairman of SG Warburg, called for a joint effort by oil producing and consuming countries to reach agreements, including on price, which would attempt to be equitable for all nations, rich and poor.

On global markets, he hoped that any move towards regulation would not be excessive. It must be recognised that "the task of reconciling the requirements of the market with the protection of the unwary is an extremely difficult one."

Winding up the conference, Dr Guido Carli, former governor of the Bank of Italy, ranged widely over global financial problems and developments. Currency instability was distorting international trade and the emergence of the US as the principal net importer of capital,, together with its trade deficit, was strengthening protectionist tendencies.

But current problems should not be blamed on the expansion of international financial mar*kets, he said, nor on the grow*ing transfers from one country to another but on the fact that "in a world of greater economic interdenpendence policy co-ordination becomes more and more difficult."

FT CONFERENCE

Italy and the International Economy

Tim Coone reports on the reaction to Britain's declaration of a 150-mile fishing zone

# Argentina pushes ahead on all diplomatic fronts

THE POINT at which fishing diplomacy turns to gunboat diplomacy in the south Atlantic may well depend on more conventional forms of diplomacy taking place over the next two weeks.

Britain's announcement last month that licences would be needed for fishing up to 150 miles around the Falkland Islands from February, and its move to lay claim to sovereign rights over the sea and continental shelf up to 200 miles from the islands, has brought an abrupt end to the halting but nonetheless positive signs of a warming in relations with Argentina over the past year. According to one western diplomat, the quiet easing of trade restrictions with the UK imposed in 1982 has now been stopped dead.

If the British reasoning had been to force the Argentinians to the negotiating table to sign a multilateral fishing agreement in the south west Atlantic, it will have been quickly disabused of that idea by Argentina's emphatic rejection of an offer to negotiate.

"It would be a trap," said Mr Dante Caputo, the Foreign Minister, on television last week while demonstrating with maps the significance of the British claim.

"What Britain wants is that we sit down to agree a fishing treaty in the south Atlantic in which the countries fishing there would be the contracting parties, with Argentina as one coastal state and Great Britain as another coastal state. If we do this we would be recognising the right of Great Britain to exercise sovereignty over the Malvinas Islands."

Instead Argentina has launched a diplomatic counter-attack in the hope of isolating Britain *internationally*, and at the same time strengthening its own soverignty claim. This week will prove to be a critical test of support for that diplomatic effort.

Mr Jorge Sabato, the Deputy Foreign Minister, has been presenting Argentina's case to Europe. Oother officials have been dispatched to Africa and Asia to summon non-aligned movement support, whilst the big guns of Mr Caputo and a battery of advisers are directed *at this week's* 16th general assembly of the Organisation of American States (OAS) in Guatemala, and will be aimed next week at the United Nations.

The aim of the diplomatic offensive is to seek a condemnation of Britain's move, arguing that it harms existing Argentina sovereign rights in the region, and to win support for Argentina's view of the soverignity issue.

By the end of the month, strategists at the foreign *ministry* will be able to assess whether further responses are called for, or indeed practicable. According to Mr Caputo and high level presidential advisers, all *the options* are being studied and none have been ruled out as yet except that is *for military action*. A renewal of economic and trade sanctions against the UK, some of which might find support on the continent, especially from countries such as Peru, is one possibility.

The fishing zone will only extend as far as the Falkland Islands protection zone, that is to 150 miles from the centre of the islands, from which Argentinian boats are excluded without prior permission.

A report on the fisheries in this zone, the Beddington Report, estimates that 70 per cent of the foreign trawler catches up to the 200 mile limit now claimed around the islands, occur within the protection zone.

The effectiveness of the fishing zone in controlling the depredation of fish stocks is *therefore* questionable, although it is the main reason given by Britain for creating it. This is also the reason given by Argentina for its own recent accords with the USSR and Bulgaria

Under the existing situation then, conservation of the fish stocks seems to have come a poor second to the priority of establishing sovereignty claims and controls will only be partially effective.

Trawler captains recognising British jurisdiction, will be tempted to fill their holds by going outside the 150-mile conservation zone and into the wider 200-mile zone claimed by Britain and to the good fishing grounds to the south and west of the Falklands. These are the ones mentioned in the Beddington *Report* but which are claimed and presently policed by Argentina.

In the absence of agreement with Argentina, Britain has said it will recognise a dividing line in *these* areas, based on international law—effectively a line drawn halfway between *both* claims.

If straying trawlers are harried by Argentinian coastguard vessels there, they will be tempted to make a run for the protection of the British protec*tion* zone, as did a Taiwanese trawler earlier this year, but which was sunk by the Argentinians.

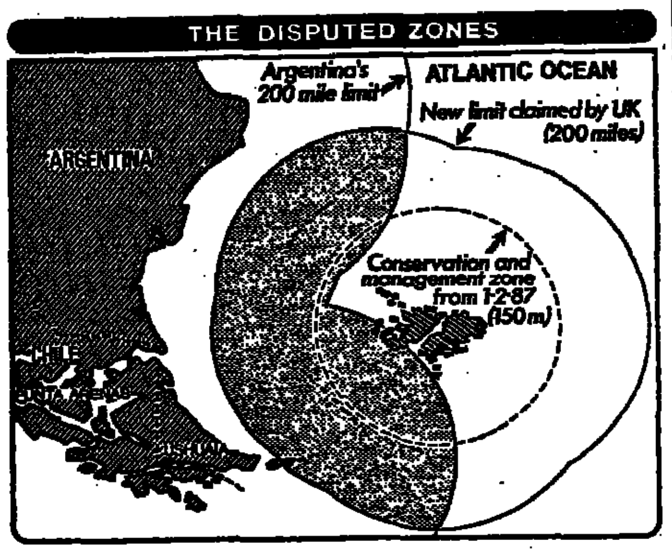
On the other hand, if foreign trawlers do not recognise the British claim, and Spain has already indicated it will not, they face arrest and possible conflict with British patrol vessels from February onwards if they enter the zone. This could create serious problems between Britain and Eastern Europe and even with other member countries of the EEC.

However, the country with the biggest catches in the south Atlantic, Poland, has chosen so far to remain neutral as possible on the issue and according to the Polish ambassador in Buenos Aires "Argentina has made an offer of a bilateral fishing agreement, but there are no negotiations on this yet or even considerations of negotiations."

Poland after all stands to lose the most if it makes the wrong political choice. According to the *Beddington Report*, the Polish catch within the fishing zone in the first nine months of 1985 was 100,000 tons, twice that of Argentina's own factory ship fleet in the south Atlantic.

That choice may nonetheless be greatly influenced by what happens this week in Guatemala. If Argentina gets the support it is looking for, the British Government may find itself with few takers for licences when February comes.

THE DISPUTED ZONES




## Britain plays down clash with Spain

THE FOREIGN OFFICE yesterday sought to dampen speculation that clashes are in prospect in the South Atlantic following Britain's decision to impose the 150-mile fishing zone.

After reported comments by Spanish ministers that Spain would not recognise the zone, the Foreign Office said that contact had been made with Madrid to clarify the Spanish position. The spokesman said: "I am not concerned about any clashes on the high seas. To talk about going into battle is over-dramatic.

He was not prepared to say how much support, if any, Britain had received for its decision.

Earlier, Mr George Foulkes, Labour foreign affairs spokesman, warned of the "disastrous" consequences of a showdown with Spain over the fishing zone. He demanded an immediate Commons statement by Sir Geoffrey Howe, the Foreign Secretary, over "grave" reports that a Spanish naval strike force had been put on alert

# US expresses worry over Falklands dispute

THE US HAS expressed concern over growing tensions between Argentina and Britain following Britain's declaration of a fisheries conservation area around the disputed Falkland Islands, Reuter reports from Guatemala City.

"We are disappointed that Argentina and the UK have not been able to work out their differences over the Malvinas," a US official said on Monday following a meeting between Mr Dante Caputo, the Argentine Foreign Minister, and Mr George Shultz, the Secretary of State.

Mr Shultz arrived in Guatemala on Monday night to address the annual meeting of the Organisation of American States (OAS).

He said the Anglo-Argentine dispute was "an important act of conservation and fishing rights."

But he said the US was not taking part in the dispute and was not mediating.

"I am not a candidate for a shuttle," he said in a reference to former US Secretary of State Alexander Haig's unsuccessful attempt to mediate in the Falklands dispute before the 1982 conflict.

Though some diplomatic observers had expected the US to take a stronger stand on the Falklands issue, Mr Caputo said Mr Shultz had demonstrated US "concern" over the territorial dispute.

"It was a very positive meeting," Mr Caputo said, adding that the US and Argentine officials would continue meeting over the next two days to discuss the issue.

The OAS was expected to issue a resolution urging Britain to drop the 150-mile conservation zone to avoid further conflict with Argentina.

# Washington delays abandoning Salt 2 strategic arms limit

BY LIONEL BARBER IN WASHINGTON

THE US has delayed abandoning the Salt 2 limit on strategic arms, though it still plans to exceed the terms of the unratified treaty by the end of this year.

Reports in Washington had suggested that the US would formally abandon the treaty this week by converting the 131st B-52 bomber to carry nuclear-tipped cruise missiles.

Mr Larry Speakes, the White House spokesman, described the reports as premature, but said that the US planned to make the bomber operational before the end of the year.

The delay is the third shift in target dates this year. One theory is that the Reagan Administration postponed abandoning the Salt 2 treaty in the light of the visit of Mrs Margaret Thatcher, the British Prime Minister, to the US this weekend.

Mrs Thatcher, along with other Nato leaders, has urged President Reagan to stay within the limits of Salt 2. A formal abandonment of the treaty before her visit could be interpreted as a slight to her.

The US, which has repeatedly accused the Soviet Union of violating Salt 2, has avoided placing on duty the 131st bomber during its pursuit of arms control talks with Moscow. Though unratified, both the US and the Soviet Union agreed to abide by the 1979 treaty.

By deploying a B-52 bomber with cruise missiles, the US will exceed the treaty's ceiling of a combination of 1,320 missile warheads and cruise-bearing bombers.

However, the US could still avoid formally breaching the treaty by removing other strategic weapons systems, such as ageing submarines, from service to compensate for the deployment of the additional B-52s.

# Cuomo fuels speculation over presidential race

BY CHARLES HODGSON IN NEW YORK

GOVERNOR Mario Cuomo of New York has again fuelled speculation that he may shortly announce his candidacy in the 1988 presidential race.

Mr Cuomo, a liberal Democrat who was re-elected State Governor in a landslide victory last week, said that he would "take a look" at running for the White House.

The 54-year-old Governor has been hotly tipped as a likely Presidential candidate since his emotional keynote speech at the 1984 Democratic national convention. But he has consistently refused to be drawn into announcing his intentions.

In an interview with the Associated Press news agency, Mr Cuomo insisted that he had *no* "real calendar" for a Presidential bid, but that he considertd what role he might playin national politics.

The scale of Mr Cuoco's win last week, when he took a record 65 per cent of the vote in defeating challenger Mr Ancy O'Rourke, also increased pressure on the Governor to clarify his position. Some Democrat politicians have urged him to sent a clear signal soon or risk being left behind as the party's ether hopefuls line up for the nomination.

But Mr Cuomo's advisers appear to want him to delay until at least early next year when he *will* be able to profit from his incumbency as Governor and avoid early campaign bloodletting.

During his campaign, Mr Cuomo refused to commit himself to serving a full four year term as Governor. He is reported to have some $4m in campaign funds remaining after his re-election fight.

# Central America 'threat'

MR GEORGE SHULTZ, the US Secretary of State, said yesterday that foreign intervention in Central America had to be confronted, or the region would be increasingly drawn into great power rivalries, Reuter reports from Guatemala City.

He told foreign ministers of the Organisation of American States (OAS), that the leftist government of Nicaragua was "fundamentally destabilising to Central America."

He made no mention of the approval by Congress of $100m in aid to Contra rebels fighting the Sandinista government, except to say: "We cannot give lip service to democracy when it is convenient and costless, but turn our backs on it when there are *costs or risks*."

He said foreign intervention in the form of "alien ideologies" from Cuba, the Soviet Union, East Germany, North Korea, Vietnam and Libya was promoting instability and violence in Central America.

# Left renews appeal over Lima poll

By Barbara Durr in Lima

PERU'S main opposition force, the United Left, will press its legal battle to annul Sunday's municipal election in Lima, despite its first petition beng rejected by the provincial electoral tribunal.

The United Left said voters had been illegally swayed by media reports favouring the ruling party, Apra (American Popular Revolutionary Alliance), and by statements by President Alan Garcia on the day of the election.

The United Left is to appeal against the provincial tribunal's decision to the national electoral tribunal today. Other charges of fraud in Lima districts are also being processed.

The official results of the Lima contest will not be known for 10 days. But most observers are concluding that, while the margin may be close, Mr Jorge Del Castillo of Apra has defeated the incumbent Marxist mayor, Mr Alfonso Barrantes Lingan.

Mr Barrantes, who is also leader of the United Left, said that should Mr Del Castillo prove to be the final winner, it would be "a bastard victory." Mr Barrantes referred to the unusual though not illegal campaign appeal made by President Garcia last week to vote for Mr Del Castillo.

The enormously popular and charismatic Mr Garcia is believed to have swung the election definitively for the colourless Mr Del Castillo.

# Aquino sends warning to critics

BY CARLA RAPOPORT IN TOKYO

MRS CORAZON AQUINO, President of the Philippines, speaking in Tokyo yesterday, sent a sharp warning to her opponents in Manila that she would not tolerate any military challenges to her government.

Rumours of a coup have been widespread in Manila in recent weeks, with many advising Mrs Aquino to cancel her four-day trip to Japan. But at a lunch with Japan's Prime Minister Yasuhiro Nakasone yesterday, Mrs Aquino said: "Let me be clear. There is no room in the new Philippines for those who will not accept the ways of democracy."

"While I am anxious to resolve the communist insurgency bloodlessly, I will not tolerate a non-democratic challenge to our government and people from any quarter," she said, in a clear reference to Mr Juan Ponce Enrile, Defence Minister, who has criticised Mrs Aquino's handling of the communist opposition

The main purpose of Mrs Aquino's visit to Tokyo was to secure funds for the economic reconstruction of the Philippines. Japan is the second largest provider of aid to the Philippines after the US. However, so far, the Philippine head of state has not been well rewarded. The Japanese have agreed to a Y40bn (£171m) low-interest loan for a coal-fired thermal power plant. Mrs Aquino is still seeking a further $130bn in aid and loans.

Throughout her speech yesterday, Mrs Aquino appeared keen to demonstrate her strength and her intention to remain as president until 1992.

She said the new draft constitution would be put to a popular vote early next year. "If the constitution is approved, this will be followed by national and local elections within next year," she said.

Last night, Mrs Aquino was the guest of Emperero Hirohito at a state banquet and today, she receives an honorary doctorate from a leading Japanese university.

## CEASEFIRE TALKS 'NEAR END'

Negotiators for a ceasefire between the Philippine Government and Communist rebels have been involved in discussion of details, although Government negotiators claimed "substantial progress" had been made in discussions on Monday night, Samuel Senoren writes from Manila.

Mr Ramon Mitra, the chief Government negotiator, said yesterday the talks were about to end and an agreement was likely to be reached when meetings resume next week.

Mr Mitra, who is also Minister of Agriculture, refused to be specific on the duration of the ceasefire, but broadly hinted that both sides had agreed to a truce of "not less than 30 days but not more than 100 days."

Government negotiators have been optimistic about forging an agreement with the communists since last week but nothing of that sort has happened.

Mr Mitra believes, however, that the problems would be overcome early enough to allow a ceasefire to be in effect by early December.

Reuter adds from Manila: Gen Fidel Ramos, the Armed Forces Chief yesterday ordered troops to launch big offensives against communist guerrillas in two regions, following a series of rebel attacks in several parts of the Philippines while the peace talks were being held.

# Lonrho to build Uganda pipeline

BY OUR KAMPALA CORRESPONDENT

MR ROLAND 'TINY' ROWLAND, head of Lonrho, has signed an agreement with President Yoweri Museveni of Uganda to build an oil pipeline from the Kenyan border to Kampala, the Ugandan capital.

The agreement was reached in Entebbe, near Kampala, on Monday evening. In a statement afterwards, Lonrho said it would form a joint company with the Ugandan Government to survey, construct and operate an oil product pipeline in Uganda.

The announcement followed a meeting on Monday between President Museveni and Mr Rowland in Kampala.

A spokesman for Lonrho declined last night to elaborate on the statement which did not disclose the cost of the project, the terms of the financing, the structure of the new company or a likely timetable.

The proposed pipeline would run 120 miles from Kampala to the Kenyan border and would be dependent on the construction of an extension of the existing pipeline running from the port of Mombasa to the Kenyan capital, Nairobi.

The Kenyan Government has not yet committed itself to the extension. Uganda currently imports its fuel by rail from Kenya.

# French embarrassed by Botha visit

BY GEORGE GRAHAM IN PARIS

MR PIETER BOTHA, President of South Africa, yesterday inaugurated a memorial in France to his country's soldiers killed in the two world wars.

Mr Botha's visit has embarrassed the French Government and led to sporadic demonstrations, and appears to have triggered a wave of bomb attacks in Paris early yesterday morning.

Action Directe, the extreme left-wing terrorist group, claimed responsibility for the three bombings, which caused no casualties.

In a message headed "Apartheid begins in France," Action Directe said the bombs were aimed at Peugeot, the car producer, Total, the oil company, and Pechiney Ugine Kuhlmann, the engineering group.

The South African President was surrounded by police on his visit to the war memorial at Longueval on the Somme, but the French Government kept its distance from what it was at pains to point out was a private visit.

On his arrival in France, Mr Botha was greeted by the Foreign Ministry's protocol division. Only a Sub-Prefect attended the ceremony at Longueval. No meeting with any member of the Government is planned.

The timing of President Botha's visit – on the eve of the French-African summit in Lomé – is viewed in Paris as particularly unfortunate.

# Egyptian PM brings in his own men

By Tony Walker in Cairo

DR ATEF SIDKI, Egypt's new Prime Minister, has installed close associates in the finance and economy portfolios in a sign t i t he wants to assert quickly ; s authority in economic policy making.

The new Egyptian Cabinet, announced yesterday, includes nine new ministers. Like the Prime Minister, the appointees have had little or no experience in the political arena.

All four outgoing deputy Prime Ministers retained their positions. This indicates there were limitations on the extent to which Dr Sidki was free to restructure the Cabinet.

The four deputy prime ministers include Field Marshal Mohammed Abdel-Halim Abu Ghazala, the powerful Defence Minister, and Dr Youssef Wali, the Minister of Agriculture, and secretary general of the ruling National Democratic Party.

Dr Sidki's political experience is limited compared with that of his deputies. Egypt's new Prime Minister, appointed at the weekend, was previously head of the Central Auditing Authority.

Dr Youssri Mustapha, an assistant to Dr Sidki at the audit bureau, has been appointed Minister of the Economy. The Finance Minister is Dr Mohammed Ahmed Al Razaz, a professor in the law faculty at Cairo University.

Egypt's new Prime Minister was himself a law professor at Cairo University before taking a senior bureaucratic post on the government.

Dr Salah Hamed, the outgoing Minister of Finance, has been appointed governor of the Central Bank to replace Mr Ali Negm who resigned.

One other significant change in the Cabinet was the appointment of Galal Abdul-Dahab as the new Minister of Supply with added responsibilities for foreign trade in an expanded portfolio. The ministers are being sworn in today before the opening of Parliament.

# South African mining town explosions

AT LEAST six people were injured yesterday when explosions rocked a courthouse and a shopping arcade in the Natal mining town of Newcastle, police told AP in Johannesburg. No deaths were immediately reported.

Three police officers, one hurt seriously, and at least three women were injured in the explosions, police said. The South African Press Association reported that 19 people were injured.

● Trade unions at the strike-bound General Motors plants in Port Elizabeth yesterday called for the organisation of street committees in the townships to prevent GM bringing in "scab" labour to replace 567 men sacked last week for taking part in an illegal sit-in strike, Anthony Robinson reports. The union decision followed management moves to bring in women and white-collar staff to put the finishing trim to vehicles left unfinished on the production lines when the strike began two weeks ago.

The strike began after GM management refused union demands for severance pay and the repayment of pension fund and other contributions before GM divests from South Africa and the company is taken over by local managers in a management buyout.

The strike has forced GM to delay the launch of its new Opel Monza model until January and reflects union anger at the lack of prior consultation about GM's divestment decision and concern that the new management will not be as sensitive to either union or wider political pressures as the US parent company which strictly adhered to the Sullivan code of corporate behaviour. Similar fears have been expressed by employees at IBM and other US companies which have announced their decision to divest from South Africa.

# IMF to lend $600m to China

CHINA WILL get a $600m loan from the International Monetary Fund (IMF) this year, The New China News Agency reported yesterday, Reuter writes from Peking.

It quoted Mr Richard Erb, IMF deputy managing director, as saying the loan, the first since the early 1980s, was an expression of the international community's support for China's continuing development.

The report gave no details of the terms of the loan. But Western diplomats said it was a small-scale credit tranche to help China over short-term balance of payments difficulties. The agency did not say why China is seeking the money now.

The diplomats said China's earlier borrowings had totalled $930m. They said the past borrowings had mostly been repaid, the loans being mainly for three to five years at floating interest rates that were not highly subsidised.

They said yesterday's announcement by Mr Erb at an economic planning conference implied IMF endorsement of the broad lines of China's current economic policy. These included a 15.8 per cent devaluation of the yuan against leading currencies in July, lifting of price controls on selected goods and a greater role for market forces in the production process, and fewer subsidies.

The diplomats said China's balance of payments deficit this year was expected to be substantially smaller than last year when they estimated it at between $10bn and $12bn.

Mr Erb said the $600m loan still needed final approval of the IMF executive board, but the diplomats described this as a formality.

# Singapore opposition leader's appeal fails

SINGAPORE opposition leader Joshua Jeyaretnam, 60 failed yesterday in his attempt to win a reprieve against a jail sentence and fine on fraud charges, Reuter reports.

High Court Justice Lai Kew Chai rejected the MP's application to refer points of law to a three-judge court of appeal

The judge also rejected the defence application for a temporary stay of the S$5,000 (£1,586) fine.

Under the constitution a member of parliament must vacate his seat if fined more than S$2,000 or jailed for more than 12 months.

Mr Jeyaretnam, a bitter political foe of Prime Minister Lee Kuan Yew, is one of only two opposition members in the 79-seat parliament.

Also sentenced to one month in jail and fined S$5,000 or, in default, a further month's jail, for the same offence was Mr Wong Hong Toy, the Workers' Party chairman.

The judge sentenced the two men yesterday after saying they deliberately thwarted a creditor of their party by making false declarations about the party accounts.

Steven B. Butler writes: The case is remarkable not because of the charges laid against Mr Jeyaretnam, which stemmed from his inability to account for donations to the party amounting to only a few hundred Singapore dollars, but because of the international and domestic consequences of his crime.

District Court Justice Michael Khoo originally acquitted Mr Jeyaretnam of three out of four charges against him, but this was overruled and a retrial was ordered on the charges that led to the additional convictions.

The transfer of Justice Khoo after the acquittal led the Asian Wall Street Journal to question editorially the independence of the Singapore judiciary. This led to a citation of contempt against the newspaper, which apologised to the court.

The fuss did not end there. It is widely believed that the Government's anger over the affair with the Journal led directly to the amendment of the newspaper printing and publishing act that now allows the Government to declare any newspaper to be "engaging in the domestic politics of Singapore" and summarily cut back the newspaper's circulation as it wishes.

The Law Society, and its president, Mr Francis Seow, among others, spoke out strongly against the bill in the spring arguing in part, that the bill was poorly written and vague.

The Government accused the society of meddling in political affairs beyond the scope of its competency and proceeded to introduce and pass legislation prohibiting lawyers with blemished careers from serving in the leadership of the society. This has since forced Mr Seow to lose his post because he had in the past been suspended from law practice several times.

Paradoxically when the Government recently ordered Time Magazine to slash its circulation from 18,000 to 2,000 by January, the article that provoked the government's ire was about Mr Jeyaretnam. The factual error in the article that apparently Time concedes concerned the sequence of appeals, the order for retrial, and subsequent conviction of Mr Jeyaretnam. Time had said that the Chief Justice had convicted Mr Jeyaretnam, whereas he had only ordered a retrial.

# Israel cool on Vanunu request

By Andrew Whitley in Jerusalem

ISRAEL HAS sent Britain's request for clarification over the abduction of Mr Mordechai Vanunu, the dissident nuclear technician, to "the proper authorities," the Foreign Ministry said yesterday.

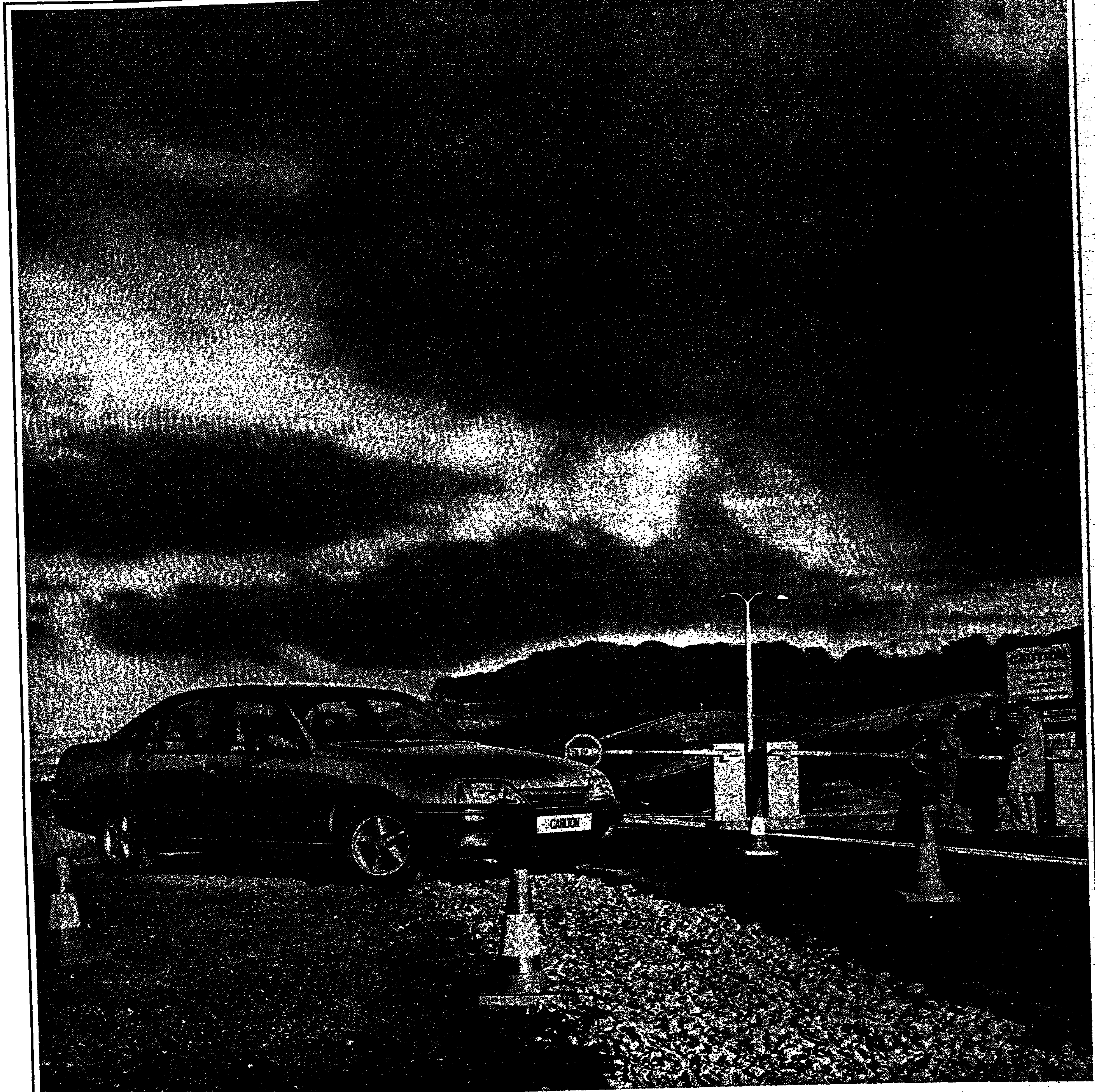
No explanation is likely to be provided, however, as to how Mr Vanunu, who was last seen in London on September 30, was brought to Israel. Any response is expected to be confined to reasurances that no criminal act was committed on British soil.

Responding to the intense interest the Vanunu revelations have aroused, both President Chaim Herzog and Foreign Minister Shimon Peres yesterday found themselves closely questioned in different parts of the world about Israel's alleged nuclear capacity.

"I can give a clear, unequivocal 'no,'" the Israeli President told reporters in New Zealand when asked whether the country possessed the bomb. In Chicago, Mr Peres, who was Prime Minister until last month, accused Mr Vanunu who had claimed that Israel has secretly amassed a large arsenal of nuclear weapons, of being a liar.

He went on to say that even though the information published in the Sunday Times last month was not true, Mr Vanunu should be prosecuted for disclosing issues "which are considered state secrets, or pretending to." Charges of treason are reportedly being prepared.

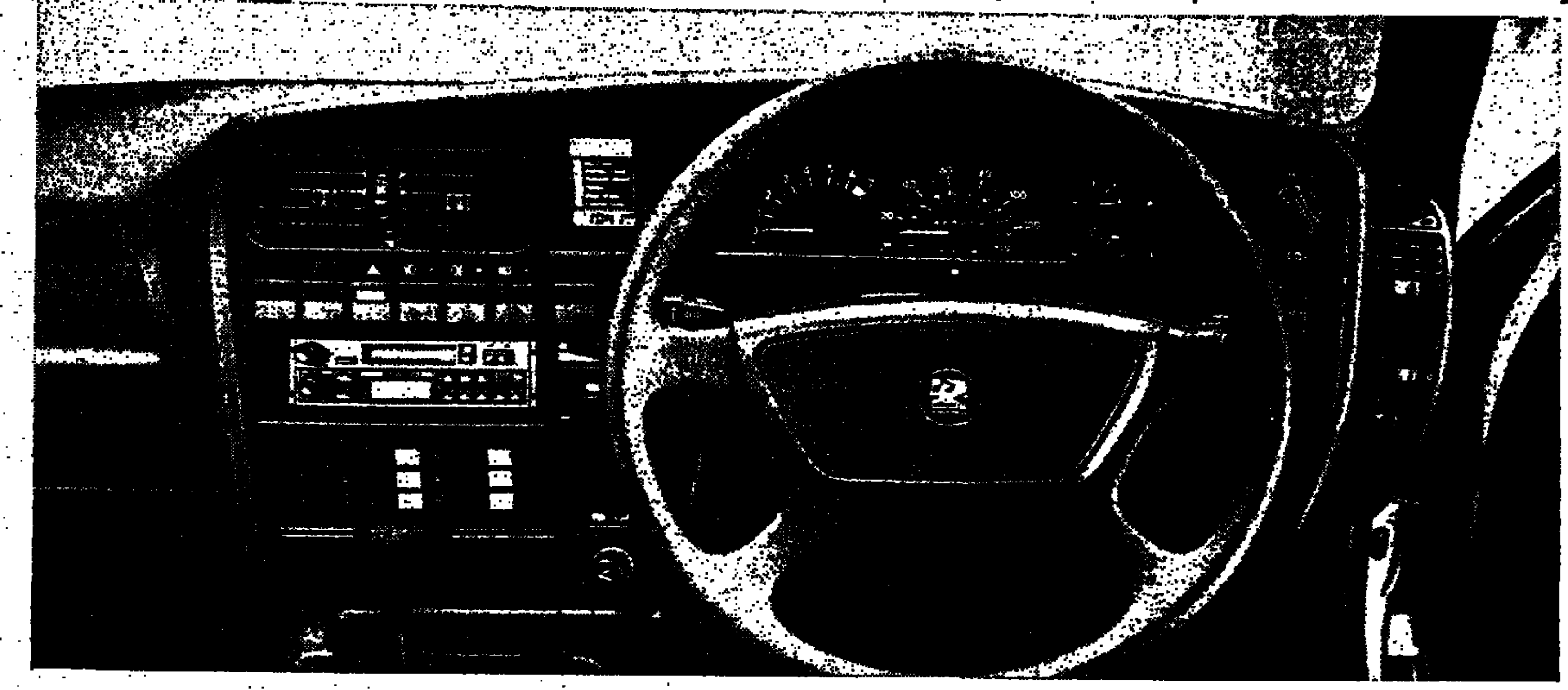
Mr Peres said Israel had decided to admit that it was holding the nuclear technician because "mounting speculation" had cast shodows on other ... countries.



The new Vauxhall Carlton will, we suspect, find much favour amongst drivers.

But it could cause feathers to be ruffled amongst the makers of its rivals.

For here is a car that embodies so many advances, it suddenly makes the others seem decidedly dated.



The Carlton's new suspension is a case in point. We call it Advanced Chassis Technology, or ACT.

Drivers will call it nothing short of remarkable.

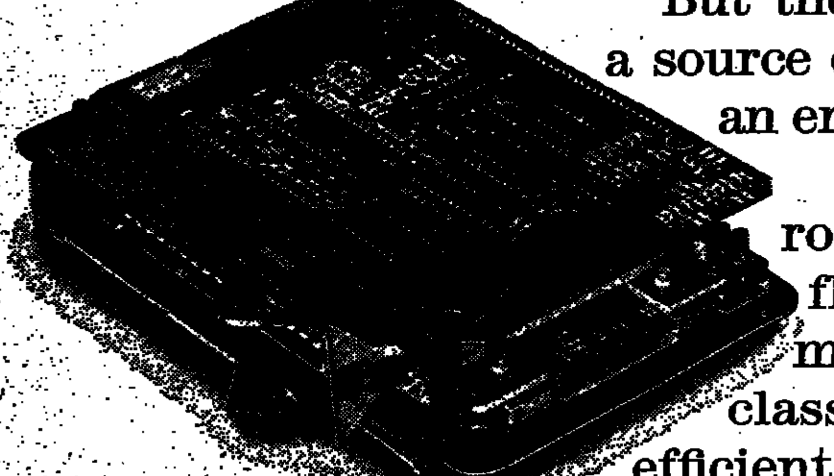
Our engineers, you see, have come up with a cunning new geometry design which automatically compensates for the forces caused by sudden braking or steering movements.

Thus an emergency high-speed lane change that would have the back of other cars slewing out, can be accomplished with ease in the Carlton.

A corner tight enough to cause violent steering changes when you lift your right foot in rival cars, should cause no white knuckles in the Carlton.

And neither should slamming on the brakes when one side of the car is on slush and the other is on dry road.

Whereas most other cars will veer suddenly to one side, the Carlton will stop in a straight line.



But the Carlton isn't just a source of great comfort in an emergency.

Those smoothly-rounded lines and flush windows do more than give it a class-leading drag coefficient of 0.28.

They also give a better combination of head and leg room than any rival can offer.

The dash is totally new. So too are the seats.

The driver's seat is height adjustable on all models and has twin lumbar support controls on the GL and CD.

Other luxury features are there in abundance.

All 8 saloons and 8 estates have power steering, tinted glass, high-security central locking with deadlocks, even heated washer nozzles.

And the advanced stereo system has not two, not four, but *six* speakers.

GL models also have a sliding, tilting glass sunroof with blind and electric door mirrors. (Heated of course.)

And the top of the range CD models not only have electric windows and alloy wheels, but a cruise control too.

So what else is new about the new Carlton? In 2 words, practically everything.

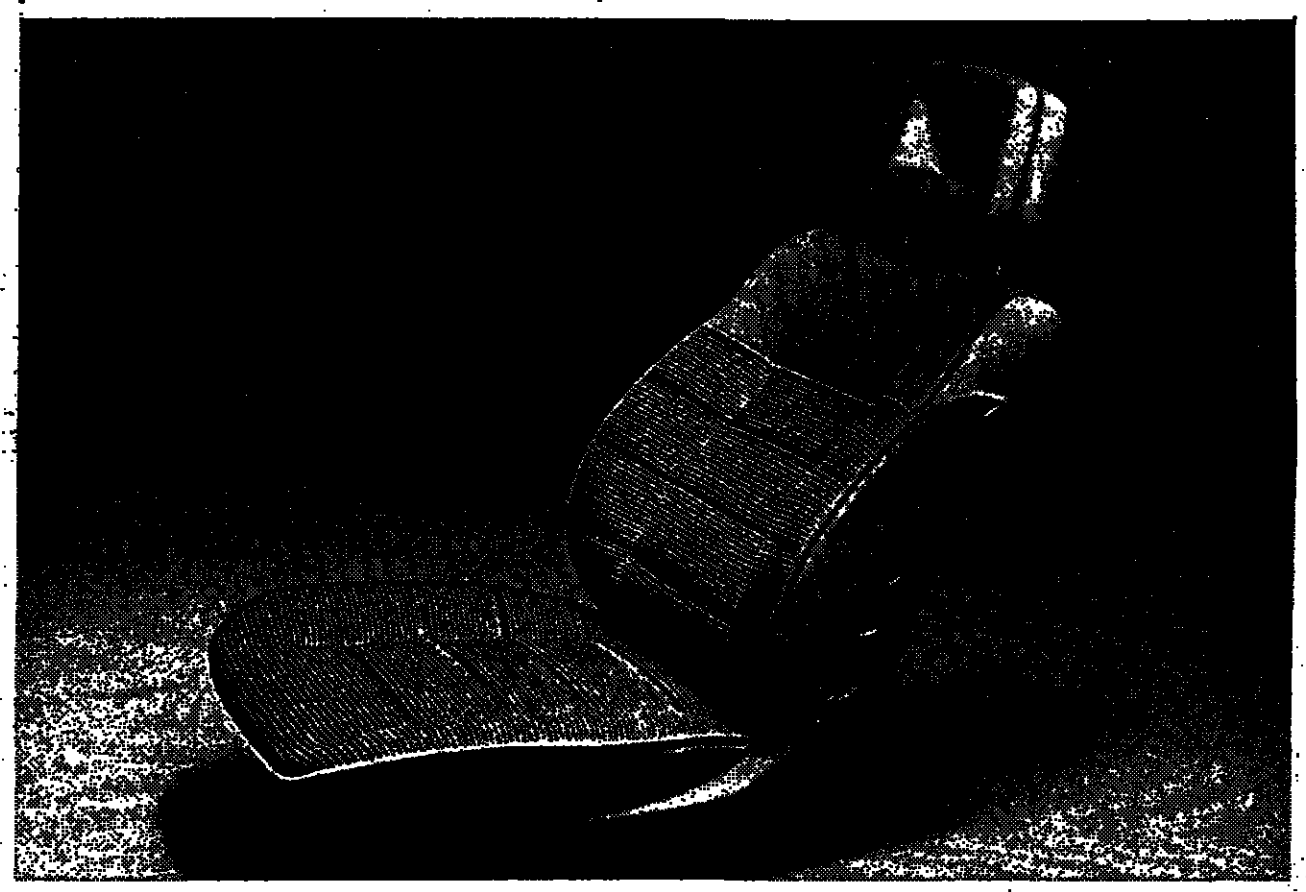
There are new engines. (Including a 115 bhp fuel-injected 1.8i.)

There is a new engine management system on the 2.0i models. (The very latest state-of-the-art Bosch ML4 Motronic shown below left.)

There are new brakes. (Discs all round. And the option of the new second generation ABS.)

There is a new 5-speed gearbox. There is a new 4-speed automatic.

And there is more, much more.



But the new Carlton is essentially a driver's car. We therefore urge you to take a test drive.

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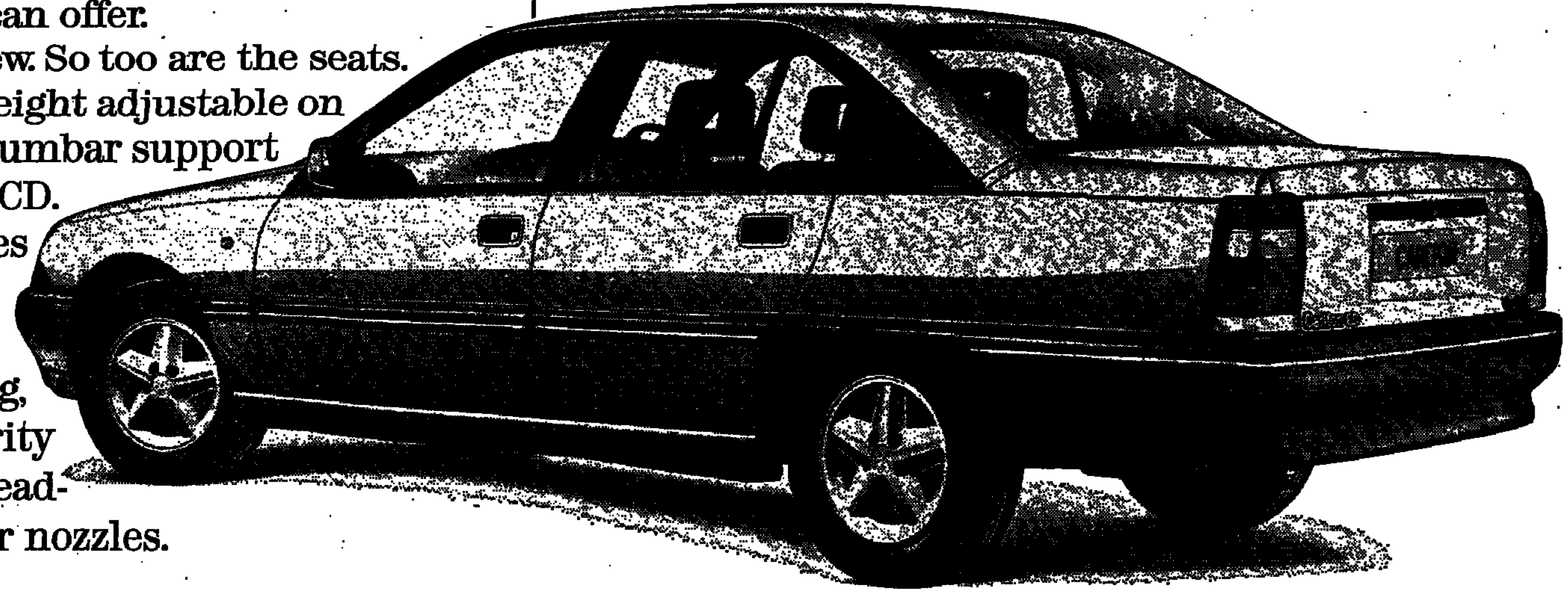
# The new Vauxhall Carlton.

B E T T E R  B Y  D E S I G N



PRICES FOR THE NEW VAUXHALL CARLTON RANGE FROM £9,250 FOR THE 1.8L SALOON TO £13,205 FOR THE 2.0iCD ESTATE. PRICES CORRECT AT TIME OF GOING TO PRESS EXCLUDE DELIVERY AND NUMBER PLATES. MODEL ILLUSTRATED CARLTON 1.8iCD £11,949. TRIP COMPUTER AND AUTOMATIC TRANSMISSION OPTIONAL EXTRAS.

# Austria poised to sign NKr20bn gas agreement

BY LUCY KELLAWAY

AUSTRIA IS poised to sign an agreement to purchase from Norway enough gas to meet one-third of its total needs until well into the next century.

On Monday, the two sides will put their initials to a NKr 20bn (£2bn) deal which will add Austria to a consortium of European buyers which earlier this year agreed to buy NKr 500bn (£50bn) of gas from the giant Troll and Sleipner fields in Norway.

Since then, a question has arisen over the scheme, as France, which had agreed to take 40 per cent of the gas and is the largest buyer in the group, has threatened to pull out.

Norway has announced that the sale will go ahead even if France does not participate. One possibility, however, would be to develop only the Troll field, keeping the development of Sleipner under wraps until more buyers could be found.

Statoil, the Norwegian state-owned oil company which is leading the gas sale negotiations, said yesterday that the addition of Austria to the list would not affect proposed development plans.

The terms of the Austrian deal are similar to those agreed with the other European buyers, which include West Germany and Belgium. Deliveries will begin in 1993 and last for 27 years, and the Austrians will take a maximum 1bn cubic metres a year.

The deal is important for Austria because it will reduce its dependence on the Soviet Union, on which it now relies for more than 70 per cent of its energy needs.

Statoil said that negotiations are well under way with other buyers including Italy, Spain and Sweden. The combined value of such deals, expected to be signed next year, is expected to be about NKr 80bn, less than one-half the size of the proposed French purchase.

France failed to meet the October 15 deadline for submitting its purchase plans to the Norwegian Government for approval, and since then has been negotiating for more favourable terms, for work for French contractors and for more Norwegian purchases of French goods.

Negotiations between the two sides last month failed to make headway, and France is now believed likely to pull out altogether. France has until November 15 to decide on its position.

The Austrian deal will be signed by the Austrian gas company, Austria Ferngas, and the distributor OMF AG. Approval will then be needed from both Austrian and Norwegian Governments.

Chris Sherwell looks at one of the most costly defence projects to be undertaken by Canberra

# Fresh phase in battle for Australian submarine order

AN important new phase opened yesterday in the increasingly intense international battle for an A$2.6bn (£1bn) contract to build a new class of submarines for the Royal Australian Navy.

The contract, for six and possibly eight diesel-electric powered submarines, is due to be awarded in the second quarter of next year, and represents one of the most costly and complex defence procurement projects to be undertaken in Australia.

The submarines are a key element of a more self-reliant Australian defence strategy. Along with land-based aircraft, they will form a maritime strike and interdiction force, with improved surveillance capabilities.

Australia has six British-built Oberon-class submarines, acquired in the late 1960s and 1970s and latterly fitted with updated weapons systems. These are reckoned to have an effective life up to the 1990s.

The new submarines are part of a larger Australian defence purchasing programme. The armed forces are already taking delivery of 75 McDonnell Douglas F/A-18 Hornet fighters and have ordered Sikorsky Black Hawk and Sea Hawk helicopters. Still projected is an order for naval frigates worth up to A$4bn.

Two consortia, widely known as "the Germans" and "the Swedes" but with substantial Australian participation, are in the running for the order, having beaten British, French, Dutch and other West German competitors on to the short-list in May 1985.

**'The submarines will be a key element of a more self-reliant Australian defence strategy. Along with land-based aircraft, they will form a maritime force with improved surveillance capabilities'**

Yesterday was the deadline for final submissions of formal offers. The submissions were made along with detailed information from the two short-listed suppliers for the submarines' weapons systems.

The Swedish consortium, known as the Australian Submarine Corporation, is dominated by Kockums, the state company which has built subs for Sweden since 1915 and describes its Type 471 submarine as "the most advanced conventional submarine yet developed."

The consortium includes a subsidiary of Chicago Bridge and Iron, which has built hull sections for US Polaris and Trident submarines, and Wormald International, an Australian Multinational.

Financial management is being handled by the Australian Industry Development Corporation, a government-owned development bank.

The West German consortium, offering its "Type 2,000" submarine as the "best non-nuclear submarine in the world," is known as Australian Marine Systems.

It comprises the submarine builder Howaldtswerke Deutsche Werft (HDW), the designer Ingenieurkontor Lubeck (IKL) and the trading company Ferrostaal. Their Australian partner is Eglo Engineering, a heavy engineering company.

The two contenders for the combat systems are Hollandse Signaalapparaten of the Netherlands, which has Thorn EMI of the UK among its partners, and Rockwell International of the US, which is in association with units of Singer from the US and Thomson CSF of France. These two groups beat others from Britain, France and West Germany on to the short list.

The Australian Department of Defence and the navy has to select one of the two main contractors, finalise details and negotiate the production contract. This is certain to lead to further intensification of lobbying before work begins

Indeed, it is one of the worst-kept secrets surrounding the project that competitors beaten by the West German and Swedish consortia are still waiting eagerly on the sidelines, in case the short-listed contenders encounter difficulties.

One of these competitors is Vickers Shipbulidng and Engineering of the UK, which next month launches the British Royal Navy's first 2400 Upholder class Submarine

The company is bitterly disappointed that it failed, through its own admitted overconfidence, to make the Australian short-list with its variant of the 2400.

According to the project's detractors, the German and Swedish consortia are offering vessels which are not yet afloat and which could end up costing more than the prices which put the groups on the short-list.

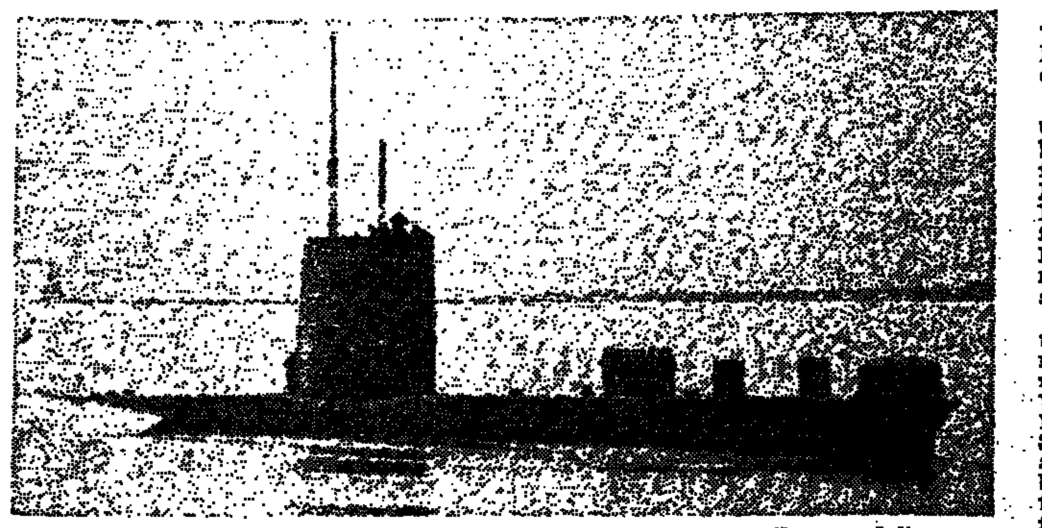
In addition they say the vessels are "hunters not killers" which limits their effectiveness in any conflict.

The Government sees this as undignified carping. What is beyond dispute, however, is the fact that Australia's Labour Party government and Australian navy will come under further presure from powerful lobbies in the party, the union movement and the country's state governments.

This is because the terms of the project require that the submarines be built in Australia with 60 per cent local content. With thousands of jobs at stake, New South Wales, Victoria, South Australia, Queensland and Western Australia have all been campaigning strongly for the submarine construction facilities or related business.

Both contenders say their proposals mean work can be shared around Australia. But the Kockums teams says its modular construction technique, in which subsections are built in different locations and then assembled at a central point, offers the only means of achieving the Government's 60 per cent local-sourcing target.

To some, such considerations seem unfortunately to be overwhelming debate on the cost or value of the submarines themselves. Persistent pressures on the country's budget could change that, but for now and the next few months the big hope plainly focusses on the potential boost for jobs and Australian industry.



An Oberon-class submarine: Australia has yet to decide what will succeed it.

# Japan registers another record surplus with US

JAPAN ACHIEVED another record trade surplus with the US, it biggest trading partner, last month, Reuter reports from Tokyo.

Tokyo reported yesterday that its trade surplus with the US in October was $5bn (£3.47m), against a previous high of $4.83bn in September.

The figures may disappoint US officials who had agreed recently to end further calls for the yen's appreciation against the dollar to help correct the trade imbalance.

Japan posted an overall surplus of $7.81bn with all its trading partners for October, compared with a record $8.95bn surplus in September.

The October figures were high mainly because of price increases for Japanese merchandise shipped abroad, said Mr Takashi Kiuchi at the Long-Term Credit Bank of Japan.

Japanese manufacturers had been reluctant to boost prices of their goods for fear of losing market share. "But they could not hold back any longer and have started raising prices," Mr Kiuchi said.

While the higher prices helped to boost the value of Japan's exports, the volume of merchandise declined, said Mr Haruo Muto at the Bank of Tokyo. "In volume terms, exports were down 1.2 per cent from September."

# McDonald's to open in Budapest

BY LESLIE COLITT IN BERLIN

THE FIRST McDonald's fast food outlet in Eastern Europe is to open its doors in Budapest next spring.

Under a joint venture agreement concluded this week, the world's largest fast-food company will open five hamburger restaurants in the Budapest area.

Mr James Duval, director of McDonald's of Europe, said details of the 50-50 deal, such as capitalisation, have yet to be worked out.

Hungary is to provide the foood, while some of the equipment and packaging will be imported from the West. The agreement was signed, after several years of negotiations, with Babolna, a large Hungarian agricultural producer.

McDonald's last week signed a similar joint-venture deal with a Yugoslav company, providing for the opening of five fast-food restaurants in Yugoslavia, the first of which is to open next September.

Mr Duval noted that in both countries the first two restaurants were to be run by the joint venture company and the others under a licensing arrangement. He said McDonald's expected to open in other East European countries, but the negotiation had not yet begun.

Poland was to have become McDonald's first East European partner, but negotiations broke off in late 1980, after the country's economic and political crisis worsened.

The company subsequently delivered potato seed from Idaho to Poland and is beginning to receive the first harvested potatoes in return.

Ironically, when McDonald's opens in Budapest, its stiffest competition will come from the many privately run hamburger stands which have sprung up in recent years.

● The US food giant Pepsico said last week that it was negotiating with the Soviet authorities to open at least 100 Pizza Hut restaurants in cities throughout the Soviet Union.

# Go-ahead for third Pepsico plant in China

PEPSICO OF the US has received permission to open a third bottling plant in China, AP-DJ reports from Hongkong.

The plant, to be built in Fuzhou city, Fujian Province, will be a joint venture with Fujian Investment and Enterprise Corporation and Fujian Enterprises Company. Pepsico will contribute $4m (£2.7m) for equipment and will provide training for employees, while the Chinese enterprises will contribute land and staff.

Pepsico already has ventures in Canton and the Shenzhen Special Economic Zone, and the Fuzhou plant will bring its production capacity in China to more than 15m cases a year.

# Chrysler Canada in talks on cars from Thailand

BY PETER UNGPHAKORN IN BANGKOK AND JOHN GRIFFITHS IN LONDON

CHRYSLER CANADA is in negotiations which could lead to the import of 25,000-30,000 Thailand-produced cars a year for sale in the Canadian market.

Chrysler's Canadian offshoot wants the Mitsubishi Lancer models as a low-cost competitor to Canada's leading importer, Hyundai of South Korea.

Chrysler already imports around 12,000 cars a year to Canada from the Japanese plants of Mitsubishi with which it has been collaborating for 15 years. But this represents the limit of what it can import from Japan under voluntary import restraints.

Importing the cars from Thailand offers it a way round the restraints.

Negotiations are being conducted with Sittipol Motors Company and United Motor Development Industry Company, the assemblers and distributors of Mitsubishi cars in Thailand.

Chrysler is following Ford and General Motors in trying to counter the devastating success of Hyundai in the 1.1m a year Canadian new-car market.

Hyundai first entered the market in 1984.

MASTERS OF THE UNIVERSE AND BARBIE ARE TRADE MARKS OF MATTEL INC.

# All he needed was the right sort of handling.

He is Moss Man. A Master of the Universe. Enemies cower and cringe at the sight of him.

Yet he has now met his match.

Price Waterhouse Man. A Master of Warehousing, Distribution and Transport.

Mattel, the makers of Moss Man, Princess of Power and Barbie, called us in to design their new distribution centre.

We analysed Mattel's product range, growth strategy and service objectives, then drew up plans for the building.

Working with the contractor, our consultants then designed its storage and materials-handling system, specifying the type of racks, pallets and fork lift trucks.

The warehouse is now in operation, handling Mattel's range of over two hundred toys. It may lack the grandeur of Castle Grayskull, or the charm of Barbie's Dream Cottage, but it's a down-to-earth solution that works efficiently in practice.

In a way, it's typical of our approach to management consultancy. We prefer warehouses to ivory towers. We have a healthy scepticism of theory, preferring to adopt a 'hands-on' approach.

Even if, occasionally, it means getting to grips with the likes of Moss Man.

**Price Waterhouse**

# Coming to terms with competition

By Stefan Wagstyl

"THERE USED to be one man in China buying and selling metals. Now there are 100," says a Hong Kong trader. "Things will never be the same again."

There can be few parts of the Chinese economy which have been changed so much by the upheaval of economic reform as the non-ferrous metal trade. A business which was once dominated by one giant Peking foreign trade organisation has become a battleground for the old and the new economic powers in China in the wake of the liberalising reforms carried out since the late 1970s under the direction of Deng Xiao Ping, the paramount leader.

The clashes between the rival trading agencies reveal some glimpses of the conflicts inherent in the spread of competition within a state-controlled economy—the way administrators schooled in central planning deal with an injection of free enterprise, some of them loving change, others hating it; the tensions between the old guard which has lost authority and the new which has gained it; the conflicts between Peking and provincial trading organisations which have won increased freedom of action.

The industry also offers an indication of whether the Government can hope to succeed in its twin aims of increasing economic efficiency and raising foreign exchange earnings.

China's non-ferrous metals trade, worth $1.2bn in 1985, was formerly controlled by the China National Metals and Minerals Import and Export Corporation (Minmetals), a division of the Ministry of Foreign Economic Relations and Trade. Minmetals, established in the early 1950s, is the oldest and grandest of China's foreign trade organisations, with a turnover in 1985 of $7.5bn. But it has lost ground in recent years as a result of Deng's policies of bringing decision-making in industrial production and trade closer together. The foreign trade monolith was regarded as unwieldy and unresponsive to market forces.

So, in 1979, Minmetals also lost the coal trade to the Ministry of Coal. And from 1983 it was progressively forced to give up its virtual monopoly of non-ferrous metals trading. "Minmetals had its nose put severely out of joint," says one Western trader in Peking.

The chief beneficiary was the newly-created China National Non-Ferrous Metals Industry Corporation (CNNMIC). This was formed in 1983 out of parts of the Ministry of Metallurgical Industry, another administrative empire which the economic reformers felt had grown too big to be effective. MMI officials responsible for non-ferrous metals had long complained that the ministry spent too much time and money on steel and not enough on non-ferrous metals. Now they have been given the chance to control not only production but also foreign trade.

Xiao Tongying, a senior official at CNNMIC's import/export arm, says proudly: "We are called a corporation but we are on a level with the ministries."

CNNMIC easily assumed control of trade with Eastern bloc countries where economic relations are largely determined at government-to-government level.

But trade with the West is a different matter. Minmetals and its branches in every province have been allowed to continue fighting for business from non-ferrous metals producers. More importantly, Deng's reforms have encouraged provincial governments, local authorities and individual smelters and factories to trade on their own account in order to earn more foreign exchange. The provinces have been quick to take advantage of this new freedom because they are allowed to spend at least some of this hard currency themselves. Barter deals abound—with one province selling tin for tractors, for example.

Western traders say that the result is confusion, both in non-ferrous imports (worth $900m last year) and exports ($400m). They complain that some provincial trading corporations have signed import deals without the required authorisation to spend foreign exchange. That still has to be secured from Peking. Exporting organisations sometimes cannot buy the metals they have promised to sell or they supply sub-standard material.

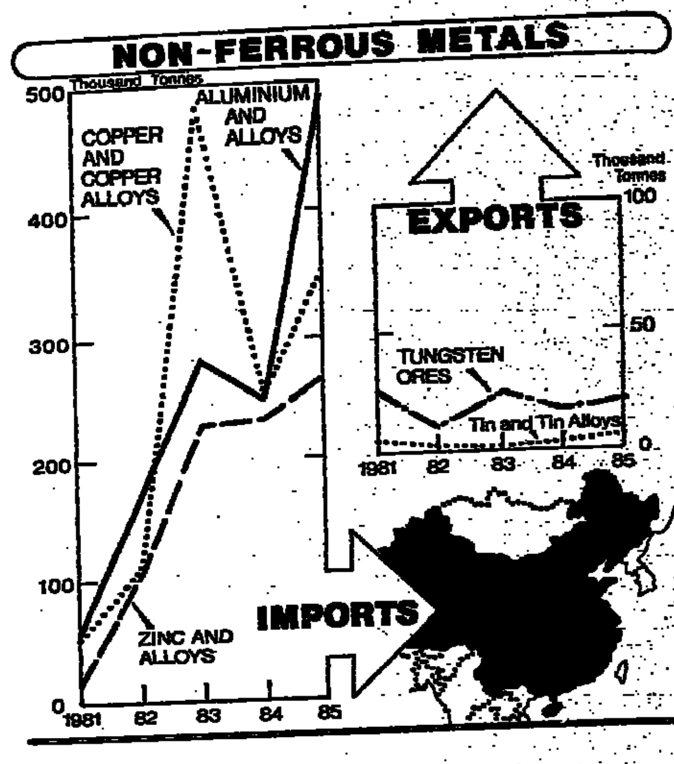
Provincial trading companies undercut each other on price. "There used to be one price for Chinese tin. Now there can be a difference of 20 per cent between different exporters," says one Hong Kong trader.

Both CNNMIC and Minmetals are well aware of the bewilderment that reform has caused among Western companies. "This is a very sensitive question. Many foreigners ask us what is going on," said one Minmetals official.

CNNMIC, which now handles the bulk of the trade itself, is trying to reimpose order, striving to control quality and prices. It is in a strong position because it has direct responsibility for the country's state-run mines and smelters, which include virtually all the larger units of production.

However, CNNMIC has not won the foreign trade hegemony which Minmetals used to enjoy because of the greater freedom of action which smaller mines and smelters, controlled by provinces, communities and sometimes private individuals, have been granted. These producers can export through provincial governments — or through Minmetals, which can often offer superior service than CNNMIC as a result of its long experience and contacts in many countries.

Moreover, both CNNMIC and Minmetals say they want to make competition work, recognising the wishes of the reformist planners. At CNNMIC, Xiao says: "Our share of the export market will grow. But Minmetals is quite experienced. We do not expect to recentralise trade at the China National Non-Ferrous Metals Import and Export Corporation (CNNMIC's trading arm)." A Minmetals official who has travelled in Europe, Japan and the US says that Western countries often have several exporters competing with each other in the same field. China can learn to do the same.




There is little love lost between Minmetals and CNNMIC. Xiao accuses Minmetals of damaging China's reputation overseas by mixing tungsten samples from different mines, playing havoc with quality control. He Zizhu, Minmetals' vice president, says: "The advantage of competition is that everybody will work harder. The disadvantage is that many newly established corporations lack skill and experience."

The battle over non-ferrous metals trade seems certain to have long-term consequences. Minmetals has responded to its loss of markets by taking advantage of economic decentralisation and diversifying into new fields—it is building a joint venture hotel in Peking with the Singapore company Shangri-La. In the provinces, its branches are signing joint ventures with export materials factories to secure sources of supply. Its branch in Brazil has recently won an export contract from the Peking Ministry of Coal, crossing once-sacrosanct administrative boundaries in a way which the reforming planners would support.

As Minmetals steps to the side in the non-ferrous metals market, so the producers themselves are expanding their own contacts with the West. CNNMIC is planning its first European trade fair in West Germany in a few days' time. Individual mines and smelters hope to benefit from these exchanges not only by expanding sales of export products but also by learning more about Western technology and management. At Shaoguan lead and zinc smelter, in Guandong, Pan Chang Ben, the chief engineer, says such links are invaluable to improve efficiency and raise output.

Meanwhile, smaller producers of export metals, notably tin, tungsten and antimony, have probably won a greater degree of independence in the battle over trade. These mines and smelters have been encouraged to expand output by provincial governments keen to earn foreign exchange on their own account. The enterprises are often primitive, with miners digging out ore by pick and shovel and taking it to a processing plant by horse and cart. But they are likely to be indispensable for national production in the foreseeable future, particularly if they continue to have access to foreign markets. They are among the leading beneficiaries of economic reform in the non-ferrous metals industry.

There is a price to pay for increased contacts with world markets. Tin has made Gejiu, in southern Yunnan close to the Vietnamese border, one of the richest cities in China's remote interior. But only about one-third of production is in the hands of the state-owned Yunnan Tin Corporation. The rest is run by provincial and municipal authorities and by private individuals. Output has increased in recent years to take advantage of the high world market prices secured by the International Tin Agreement, the inter-government price pact. Since the agreement's collapse in October 1985 exports have been cut sharply in response to the fall in prices. Chinese officials say that production will not be affected since metal can be redirected into the home market. But it seems difficult to believe that the country, which last year exported over 7,000 tonnes, can absorb so much tin so quickly.

Chinese officials say they know world markets can be a very tough school. But their priority is to close the gap between imports and exports and to become a net exporter of non-ferrous metals in the 1990s. There are some signs that the upheaval in trade is helping to do this by making producers more aware of competitors both inside China and beyond.

How far and how fast these changes will be allowed to run will ultimately depend on how Deng and his successors face up to the economic, social and political consequences of reform.

BANKING

# Wind of change at Lazard Freres

**David Marsh on the man who is the driving force behind the French bank's new financial arm**

"I HAVE returned to the technical foundations of the *metier*," grins David Dautresme. The driving force behind the new financial market arm of Lazard Freres in Paris chews on a cigar like an American banker. But he sums up with almost English understatement one of the most intriguing changes on the French banking scene of the past few years.

Mr Dautresme, who built up his career in the civil service and at Credit Lyonnais, the second largest French state-owned bank, successfully chaired Credit du Nord, the large retail bank, for four years after its nationalisation in 1982.

At the beginning of this year he moved westwards towards the plusher end of the Boulevard Haussmann in Paris—from the monumental architecture of the Credit du Nord at No 6 to the closeted parlours at No 121 owned by France's most prestigious and discreet private investment bank.

Mr Dautresme's migration to Lazard, which made front-page headlines in Le Monde, has been the most spectacular demonstration so far of a gathering shake-up in French banking.

Under the impact of growing worldwide competition on booming financial markets, as well as deregulatory and economic changes in France, French banks are trying to move away pell-mell from their traditional reliance on deposit-taking to new and hopefully more profitable forms of investment banking.

The indigenous French arm of Lazard, since it was founded in 1852, has always staked its fortune on flying as unscathed as possible through financial and political turbulence. Now focusing on its traditional area of expertise in equities and equity-like instruments, it is poised to secure maximum benefit from the new wind of change.

Lazard in Paris has become more closely integrated with both the other two branches of the Lazard organisation, in New York and London, as a result of a shareholding reorganisation at the London end in 1984. It is banking on building up its traditional strength in financial engineering, rather than on assembling any enormous capital muscle, as the key to bolstering its capital and money market expertise in France and abroad.

Lazard Freres' capital is only FFr 135m ($20m)—a tiny fraction of the amounts backing the large commercial banks muscling in on the worldwide investment banking scene.

But Mr Michael David-Weill, senior partner in both the New York and Paris arms of Lazard, has always argued that his bank's ability to provide finely-tuned advice to clients, rather than to assemble and deal in massive slices of finance on its own account, is the quality which gives the edge in investment banking.

How well Lazard in Paris performs in the next few years in a growing deregulatory rough-and-tumble will prove whether Mr David Weil's maxim holds water.

Installed in an office which is considerably smaller and opulent than the one he occupied at Credit du Nord — but where he is likely to earn a considerable multiple of his previous chairman's salary of slightly more than FFr 1m a year — Mr Dautresme, 52, is boyishly enthusiastic about his new job.

Surrounded by three Reuter and IBM computer screens, Mr Dautresme has left the politically charged world of nationalised banking to devote himself to the technicalities of extending further Lazard's capital market prowess—including the crucial and competitive area of managing the privatisation of French state-owned companies.

Credit du Nord was heavily lossmaking in 1982, partly as a result of management errors before nationalisation. Mr Dautresme as chairman succeeded in returning the bank to (fragile) profitability precisely by putting more emphasis on basic financial techniques.

By quitting the post, Mr Dautresme left behind the chance of propelling himself into one of the top chairmanship posts among France's state-owned banks. He was sounded out for the job at Credit Lyonnais.

But compared with the offer of a partnership in Lazard Freres—a move which owed much to Mr Dautresme's long-standing friendship with Mr Bruno Roger, a Lazard partner who is one of the *eminences grises*, on the French financial markets—Mr Dautresme was not interested.

Mr Dautresme, long recognised as one of France's experts on financial markets, was the author of a report on the French savings system which laid the groundwork for some of the reforms introduced in 1984-85 by the previous Socialist government to boost efficiency in the country's fragmented capital markets.

He was one of the driving forces behind the setting up earlier this year of the Paris financial futures market, which has proved to be an unexpected success in terms of volume and general interest.

Mr Dautresme now combines partnerships both in Lazards and in its newly set-up financial markets arm, Lazard Instruments Financiers. Capitalised at FFr 30m, the partnership extends and revamps Lazard's previous financial market activities, bringing together under one area of control its operations in placements and investor advice, new issues and corporate finance and trading of instruments across the domestic and international markets.

Mr Dautresme admits the idea of grouping together the three sectors, with a small staff of no more than 40, is based on a typically Anglo Saxon approach. He adds: "We are very close to the Morgan Guaranty line."

The first two departments, in investment advice and funding, were already in operation at Lazard before Mr Dautresme arrived in March. The setting up of the trading sector in July, with a new dealing room in service since September active in foreign exchange, options, swaps and futures and domestic and international debt instruments, is however very much Mr Dautresme's work.

The dealing room, with space for 16 trading positions, of which 10 are so far occupied, is managed by Mr Philippe Cathala, who came with Mr Dautresme from Credit du Nord. Several dealing staff have been hired from other French and foreign banks—illustrating the general head-hunting chase in Paris for dealing talent which, though not on a par with London proportions, has speeded up considerably over the past year or so.

Bringing together Lazard's contacts with domestic investors, corporate issuers and the trading community—"placement, origination and the markets," he calls it—is essential if Lazard is to give the best service to its clients, Mr Dautresme says. "If we are not capable in distribution and placement, we can hardly be a force on the corporate finance side, nor can we have the best idea of pricing in the market," he says.

In a process which includes building up Lazard's capital market links with banks and institutions abroad, Dautresme is in a sense playing an ambassadorial role for the overall French financial market.

Mr Dautresme hopes to profit from the bank's ties with the other two branches of the Lazard organisation in London and New York, which in previous years have outpaced the French arm in financial market expertise.

Significantly, Mr Dautresme's job at Lazard will include, in some important respects, preparing the ground for privatisation placements.

Lazard Freres, profiting from strong historical links with some of France's leading industrial groups, has already—during the period of the Socialist government—played an important role in bringing private capital back into nationalised companies. The bank helped manage issues of non-voting shares for Rhône Poulenc, the nationalised chemicals company, and Pechiney, the aluminium company.

After helping to carry out the sale on the second marché or unlisted stock market of shares in two subsidiaries of Saint Gobain, the pipe and glass-making conglomerate, Lazard looks likely to play a significant part in steering through the company's overall denationalisation. Scheduled to be carried out around the end of this year, this will be the Government's first full-scale privatisation operation.

Including other successful second marché placements led by the stock market introduction last year of Cap Gemini Sogeti, France's leading software group, Lazard has managed or co-managed 26 equity or equity-linked operations on domestic markets since the beginning of last year. It has also taken a management part in 18 international placements.

It is unlikely that 121 Boulevard Haussmann will ever flicker with the bulbs of television cameramen. But Mr Dautresme and his patron, Mr David Weill, recognise that, as the bank's need to develop its "commercial" profile grows on highly-competitive international capital markets, Lazard Freres' discretion, in this area at least, may become less legendary in coming years.

## UK NEWS

# Boeing attacks GEC Nimrod on jobs and price

BY DAVID BUCHAN AND LYNTON McLAIN

THE BATTLE for Britain's airborne early warning contract intensified yesterday when Boeing of the US claimed its E-3 aircraft would cost less and create more jobs than the Nimrod aircraft offered by Britain's GEC.

Mr Jerry King, vicepresident of Boeing Aerospace, said at a press conference in London yesterday that the E-3 airborne warning and control system (Awacs) would cost one third less than Nimrod over the life of the system.

He also claimed that a British purchase of the Boeing Awacs would ensure "the continuation of 50,000 jobs in the UK in the next eight years that would otherwise be ended."

The claim was based on a new commitment by Boeing to increase the scale of industrial offset work to be placed in the UK if Boeing's E-3 Awacs aircraft is chosen by the Ministery of Defence (MoD). Only 10 per cent of the offset programme would be related to the airborne early warning contract, he said. The rest of the offset programme would involve other activities.

The US company offered in its final price bid to the MoD last week to increase the amount of work placed in the UK from 100 per cent of the value of a Royal Air Force Awacs order to 130 per cent. The offset programme would be spread over eight years instead of five for the previous 100 per cent offset offer.

"For every pound that the MoD spends on its contract with Boeing, Boeing will put £1.30 with British industry," Mr King said yesterday.

He said this was the highest ratio of offset the company had ever offered a foreign customer. It reflects the company's determination to win the UK order, put GEC out of the running for future export orders for airborne early warning (AEW) systems and gain a monopoly for such systems.

The exact prices in the bids submitted by GEC and Boeing to the MoD last week are confidential.

Mr Bill Alexander, the managing director of GEC Avionics, the prime contractor for the UK Nimrod programme, said yesterday that "there is no way the Boeing Awacs proposal can cost less than about £1bn. Our (GEC) offer to complete Nimrod to the RAF requirements is half or less than the Boeing bid."

He said success for Nimrod would preserve the 2,500 UK jobs already involved in the programme. The jobs would disappear if Boeing wins, he said. To complete the programme would take 20,000 man-years.

The UK had already spent £930m on Nimrod, which was years late entering service with the RAF. "It is an irrelevance to consider what has already been spent on Nimrod," Mr Alexander said. "He (Mr King of Boeing) is trying to get the figures to tell lies when he claims Awacs will cost one third less than Nimrod over the life of the system."

Boeing and GEC are also submitting bids to the French Government which is also looking for an AEW system, possibly in a joint procurement with the UK. Boeing has already submitted two offers to Paris, one for a French-only purchase and another, with a reduced unit cost, for an Anglo-French purchase.

GEC said yesterday it would submit to Paris next week its final bid for supply of its AEW radar to be installed either in a French aircraft or in the C-130 Hercules transport made by Lockheed-Georgia, GEC's selected aircraft maker for exports of the Nimrod radar.

The C-130 with the GEC radar would cost about half that of a Boeing Awacs, GEC said last night. Japan and Australia are two of the markets studied by GEC and Lockheed-Georgia for exports of the C-130 with the British radar.

GEC remains unlikely to be able to sell its complete Nimrod system to France because all Nimrod airframes are likely to be required by the RAF.

Boeing submitted five different proposals to the MoD last week. These were two different numbers of Awacs for a joint UK/France venture; two different numbers of Awacs for the UK and a single of Awacs for sale to France alone.

A choice between the Boeing aircraft and the British Nimrod is expected to be taken by the Cabinet before Christmas.

David Lascelles looks at the Big Bang's first scandal

# Timely lesson for regulation in the City

IT HAS taken the Big Bang only two weeks to produce its first major scandal: Monday's resignation of Mr Geoffrey Collier, the joint head of Morgan Grenfell's securities subsidiary, for breaching house rules on personal dealing.

The incident may confirm the cynics' predictions that the City of London's famous Chinese walls would be incapable of keeping the unscrupulous in order. Because of that, the news has been greeted with dismay and shock. On the other hand, the City's regulatory mechanism did spot Mr Collier's activities and obtained from him an admission of wrongdoing. In that sense, the event shows that the system works, and no one was hurrying to re-write the rule book yesterday.

Although Morgan Grenfell will not elaborate on Mr Collier's offence, he appears to have breached the cardinal rule on personal account dealing; that all personal investment transactions by people working in the securities business must be disclosed. Failure to do so is not a criminal offence. But it is a basic rule of the stock exchange one of the bulwarks against conflict of interest – and the penalties for breaching it are severe.

Morgan Grenfell has its own house rule which takes the requirement one stage further that all personal dealing must be done through the in-house broker so that it can be constantly monitored. This rule is enshrined in the merchant banking group's 50-page compliance manual which was issued to all employees shortly before the big bang and makes clear that breaches will be met with summary dismissal.

The manual was prepared by Mr George Law, a solicitor who is now Morgan's compliance officer. It was based on existing rules and those put forward by the Securities and Investments Board (SIB), the new City watchdog which oversees the new self-regulatory apparatus.

"We believe we have taken all the steps we can to ensure compliance," he said yesterday. "But you cannot catch people who go about breaking the rules, and do so in a sophisticated way." Mr Collier's case also highlights the importance of rules designed to prevent stockbrokers from concealing their transactions by dealing through other firms. No stock exchange member firm may accept orders from the employee of another firm without his employer's written consent. Once Vickers da Costa, the firm through which Mr Collier did his fatal deal, suspected a breach of the rules it was bound to pass the information back to Morgan.

In fact, had Vickers not alerted Morgan, it is unlikely that Mr Collier's dealing would have come to light. This demonstrates the need for firms to co-operate if they are to curb malpractice. The simplest method would be to ban all personal dealing, and oblige employees to place their investments in a blind trust.

Mr Colin Condren, who is in charge of compliance at BZW the investment banking subsidiary of Barclays Bank, said yesterday it was a matter of seeking "the magic mix." This should preserve the highest level of integrity, ensure that clients' interests come first, and give employees a clear guide while also allowing them a reasonable opportunity to investment. BZW monitors its employees' investment dealings on a daily basis.

Although Morgan has not disclosed the extent of Mr Collier's irregular dealing, the amount of money involved is secondary to the breach of a code designed to preserve the bank's reputation. Because of that, there was no doubt that Mr Collier would have to go once the facts had been established.

"The decisiveness of our action demonstrates the seriousness of our commitment to compliance," Mr Law said.

Unwelcome though it was so soon after the Big Bang, Mr Collier's case may serve as a timely lesson for the City. Many firms' compliance offices were deluged with calls from worried employees yesterday anxious to clarify their positions or seek advice. And all got a similar message: "If you have the slightest doubt, tell us about it."

Mr Collier's fate will also set a salutory example. He faces expulsion from the stock exchange, and if he ever seeks employment in another UK investment firm within the next 10 years he will, under SIB rules, have to disclose the fact that he lost his job for improper conduct. For a 35-year-old married man with two children who seemed to be one of the most successful figures in the City, that is a bitter prospect.

# Pay talks 'stay at national level'

BY PHILIP BASSETT, LABOUR EDITOR

GOVERNMENT-BACKED research will show next month that there has been much less movement away from national pay bargaining and from centralised negotiations by companies during the recession than was thought.

Both Mr Nigel Lawson, Chancellor of the Exchequer, and Mr Nicholas Ridley, the Environment Secretary, have in the last few weeks exhorted employers to move more to devolved bargaining linked closely to local market conditions.

Union leaders have responded by saying there was little evidence to support ministers' attacks on national pay deals in individual sectors as one factor behind continuing high unemployment.

Results of the survey will be of little comfort to the unions as they make their response today to ministers' statements. A confidential paper to be distributed to today's meeting of the Trades Union Congress (TUC) economic committee will make the case strongly for national bargaining.

Mr Lawson says that national pay rates "tend to be set in the light of labour market conditions in London and the south east," but the TUC is likely to argue that far from that being the case, national rates tend to be determined by what the weakest employer in the industry is willing to pay.

# ITV chief to head Carlton

BY RAYMOND SNODDY

MR ROBERT PHILLIS, managing director of Central Independent Television, the ITV contractor for the English Midlands, is to become group managing director of Carlton Communications, Europe's largest television facilities company.

Mr Phillis, aged 40, is one of a new breed of professional managers in Britain's commercial television system. He is leaving one of the big five ITV network production companies to join a group that was thwarted by the Independent Broadcasting Authority in its attempt to take over Thames Television.

"Carlton have a very clear vision of the future and where they would like to take the company in the new generation of broadcasting opportunities," said Mr Phillis, who will join Carlton early in the new year.

It is believed his total salary package at Carlton will be in excess of £100,000. He will be in day-to day control of a group now capitalised at £280m — much larger than any ITV company.

Mr Michael Green, the Carlton chairman, is leading a consortium bidding for Britain's direct broadcasting by satellite (DBS) franchise.

The Central board decided not to join a competing consortium led by the Granada group even though Mr Phillis was in favour of participation.

# Hillsdown acquires timber importer

By Nikki Tait

HILLSDOWN HOLDINGS, the fast-growing food to furniture group, announced yesterday that it is making a £45m agree bid for timber importer Mallinson-Denny via its quoted subsidiary Hunter.

Hunter, in which Hillsdown currently holds a 74 per cent stake, will then buy the timber interests of May & Hassell – a smaller loss-making timber group which Hillsdown acquired for £14m at the end of August from the parent group for a yet-to-be decided sum.

Once the two deals are complete, Hunter – itself a timber importer – will become the second-largest wholesale timber business in the UK, with annual sales around the £400m mark.

Mr John Jackson, finance director of Hillsdown, said last night: "We wanted to develop Hunter and were very concious of conflicts of interests if we had separate timber interests in Hillsdown. We are taking the chance to rationalise the situation."

It is just over a year since Mallinson Denny was bought out by its management from Unilever. It was previously part of Brooke Bond, which Unilever won after a £389m bid battle at the end of 1984.

The management, backed by around 25 institutions, paid Unilever £90m for the company raising £30m in various forms of equity and around £60m in loans.

Hillsdown, which is advised by Kleinwort Benson, said that it had irrevocable acceptances on behalf of 93 per cent of the management shares and from 85 per cent of the institutional shareholders. Mallinson is advised by Thomson McLintock and had originally planned share flotation in several years' time.

In a 10½ month trading period to end-June the company turned in pre-tax profits of £2.8m and had net assets of £51.5m. In addition to the £45m purchase price, Hunter will take on Mallinson debts of around £50m. Management will remain with the company and has given assurances regarding future prospects, which they consider to be excellent.

Under the terms of the bid, Hunter will offer 90 new shares for every 31 ordinary Mallinson held; 297 Hunter shares for every 310 cumulative preferences held; and 21 Hunter for every 62 preference. Hillsdown will then offer to buy the Hunter shares at 310p cash.

The offer could quadruple Hunter's issued capital by 73 per cent.

# British Gas heads for record issue

By Andrew Taylor

SEVEN million people have already registered their interest in buying British Gas shares and inquiries are coming in at the rate of 70,000 a day, making it virtually certain to be by far the world's biggest share issue, Mr Peter Walker, Energy Secretary, told the conference of the Confederation of British Industry yesterday.

His speech contained two main themes: a defence of nuclear power as part of a balanced energy generation programme for Britain and the contribution that wider share ownership could make in financing the expansion of British industry and commerce.

Since 1979 the number of people owning shares had risen from 2m to 7m. "I believe with the privatisation of British Gas and other privatisations that by next year there will be 10m people owning shares in this country," said Mr Walker.

"What is vital is that the free enterprise system in Britain takes full advantage of this social and economic change. It must recognise that there is now a big new capital market that is available. The participation in share ownership will give to ordinary families a new awareness of both the opportunities and the problems of British industry."

Mr Walker said that the 7m people who had registered an interest in buying British Gas shares compared with the 1.4m who had at the same stage registered an interest in buying British Telecom shares, and the 3m who had registered an interest in buying Trustee Savings Bank (TSB) shares.

"The latest research on British Gas, still some weeks before the issue takes place, shows that 37 per cent of the population of the country are interested in the possibility of buying shares in British Gas. There is no doubt that the British Gas sale in which the assets are to be transferred from the state to the people will increase still further the numbers of families in this country who own shares."

Mr Walker said there was a popular myth that people went into these offers because they thought they could make a quick killing and quickly dispose of their shares. The reverse was true. Of the 2.3m people who had eventually applied to British Telecom shares, 1.8 m remained shareholders.

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# UK NEWS

GOVERNMENT THREAT LEAVES UNIONS AND EMPLOYERS IN DISARRAY

## Teachers' pay talks reach crunch

BY DAVID BRINDLE

TALKS between the local authority employers and teaching unions in England and Wales move from Nottingham to London today with each side in disarray under the Government's threat to impose a pay and employment contract settlement on 400,000 teachers.

However, the employers' Labour leaders and senior officials of the National Union of Teachers (NUT), the biggest union involved, remain convinced they can reach an agreement which would persuade the public that government imposition would be unnecessary and damaging.

Mr John Pearman, the employers' chief negotiator, said yesterday the two sides were very close to agreement on teachers' contractual duties after four days' talks in Nottingham. Today would be the "crunch day" on the issues of pay and conditions of service.

However, today's talks at the London headquarters of the Advisory, Conciliation and Arbitration Service (Acas) will coincide with the Queen's Speech to Parliament, in which the Government will announce a Bill making provision for the contingency of imposing a deal.

Mr Kenneth Baker, Education Secretary, said in an interview on BBC radio yesterday: "I am a patient person, but at the same time we really do want to resolve this. It has been going on for far too long."

The minister had told the employers and unions on Monday night that the terms they were discussing would be unacceptable to the Government. This was principally because the employers' terms include service conditions concessions costed by the Education Department at £300m a year.

Mr Baker also objects to the pay structure being weighted in favour of the average classroom teacher, rather than senior teachers with special responsibilities, skills and experience.

Today the employers and unions are expected to disclose their pay proposals, operated according to the funds offered by the Government for an average 16.4 per cent two-year settlement on its terms. These proposals are expected to provide for a main qualified salary scale ranging from just under £10,000 to just over £15,000.

All the unions, except the NUT, were yesterday expressing doubts about the possibility of an agreement. Mr David Hart, general secretary of the National Association of Head Teachers, said he was "very pessimistic" about the chances of his union signing any deal based on terms discussed so far.

However, much of this pessimism was thought to be brinkmanship in the continuing negotiations. The NUT and the Labour employers believe a majority of the unions will ultimately fall in line with an agreement rather than invite imposition and the end of pay bargaining under Mr. Baker's plans to set up an "advisory committee" on salaries and service conditions.

The NUT and the Labour employers further believe they would be able to promote an agreement to parents of schoolchildren on the basis of proposed guarantees of maximum class size and staffing ratios.

If the Government does impose a settlement, however, there is a prospect of at least a short, sharp burst of further strikes in schools. Mr Nigel de Gruchy, deputy general secretary of the National Association of Schoolmasters/Union of Women Teachers, the second biggest union, yesterday predicted "widespread action" by his members.

## 'Unclear' monetary policies criticised

By Philip Stephens

BRITAIN has paid for the lack of clarity in its exchange rate and monetary policies with higher interest rates than in the rest of Europe, a senior European Community official said yesterday.

Mr Jean-Paul Mingasson, the European Commission's director of monetary affairs, contrasted the recent stability of exchange rates in the European Monetary System with sterling's frequently turbulent performance against other currencies.

He told a conference in London organised by the Chicago Mercantile Exchange: "Not only does such uncertainty make it extremely difficult for British producers to plan their production and investment on the basis of rational calculations of profitability. It has also resulted in a higher level of interest rates in the UK than those that prevail in the EMS countries."

In an unusually critical assessment of British policy, Mr Mingasson said that the uncertainties would be of less concern if the Government had an internal monetary target which it could control.

"But this does not appear to be the case. With neither an internal monetary target, nor – apparently – an exchange rate target, there is no longer any point of reference by which outsiders can judge what the UK's objectives are in the field of monetary policy or whether these objectives are being attained."

Mr Mingasson said that closer co-operation between Europe, Japan and the US over the last year provided the opportunity to restore a "greater element of rationality and stability to the conduct of international economic policy."

A key element in such an advance would be the strengthening of co-operation within the EMS and its extension to include those countries like Britain which do not participate fully.

He hinted that over the medium term the aim would be to weaken the role of the D-Mark as the pivotal focus for monetary policy throughout the European Community and to achieve a more equitable sharing of responsibility between governments.

## Coal chief backs idea of privatised mines

BY MAURICE SAMUELSON

SIR ROBERT HASLAM, chairman of British Coal, said yesterday that once the coal industry had become consistently profitable, he would not oppose its removal from the state sector as long as it was sold as a single entity rather than piecemeal. "I am not against privatisation. In fact, I'm rather for privatisation on a personal basis," he told a press conference at which he said British Coal expected to lose some £300m in the present financial year, but still aimed to break even in 1988–89.

Predicting that a future Conservative administration would want to privatise a profitable coal industry, he said he did not expect it to happen before the sale of the steel industry.

Sir Robert, announcing British Coal's first half results, seemed far less reserved about privatisation than when he appeared before the House of Commons select Committee for Energy last Wednesday. On that occasion, he said he had witnessed need for nationalisation early in his career in the Lancashire coalfield.

His main caveat yesterday was that if coal were privatised it would have to remain a single entity in order to handle its bulk deliveries to its leading customer, the Central Electricity Generating Board.

He also seemed unconcerned at the strong opposition to coal privatisation among union leaders. The best way to persuade them in favour of privatisation was to show them successful examples in other industries, he said.

Sir Kenneth Couzens, British Coal deputy chairman, later tried to play down the prospects of coal privatisation, by saying he doubted that a re-elected Conservative Government would have time to enact it. Privatisation of coal mines might also have to be considered in conjunction with a sell-off of power stations, he said.

The relationship with the CEGB was underlined by Mr Malcolm Edwards, British Coal's commercial director, who said he believed that once the Government had made up its mind over the Sizewell nuclear power station, the CEGB would seek planning permission for two new 2,000 MW power stations in the next 12 months.

They would burn 9m–10m tonnes of coal a year, although that would partly replace loss of sales to old power stations.

## SE expects to remove backlog of bargains

BY ALAN CANE

THE LONDON Stock Exchange was confident last night that the backlog of bargains still uncleared since Big Bang on October 27 would be cut to acceptable levels by Monday next, settlement day for the account period which finished last Friday. Of all trades since Big Bang, only 3 per cent were now still not ready for clearance and settlement after Monday night's Talisman computer run.

The settlement committee nevertheless held an unscheduled meeting yesterday afternoon to discuss proposals submitted to help the exchange cope with the heavy trading expected in the wake of the British Gas flotation in the next few weeks. One idea finding favour would involve batching together small trades into blocks for processing rather than handling them as individual items.

Changes in both dealing and settlement procedures were likely. Member firms would be told of the changes in the next few days.

The backlog was cut to 18,000 unmatched trade reports, representing 9,000 bargains, after computer processing on Monday night. When the markets closed on Friday some 30,000 trade reports remained unmatched. Each bargain results in two trade reports, one each from buyer and seller, which must match in every essential respect before proceeding to clearance

Settlement is still worrying exchange authorities, however.

- NMW Computers, the stock processing bureau which has been experiencing computer difficulties, failed to deliver a batch of data late on Monday night, contributing to the number of unmatched trade reports.
- The exchange's settlements task force is still working with member firms which have yet to resolve difficulties either with the way their staff, or their computers, handle trade reporting.
- The volume of business has remained high since Big Bang, putting extra pressures on some market makers' shaky settlement systems.

Despite the work put in over the weekend, the matching rate on Monday night was only 76 per cent compared to 93 per cent before Big Bang.

Some confusion had arisen because all trade reports are submitted to the settlements division whether or not they are settled through the exchange Talisman system.

## Return to Victorian values 'nonsense'

By Geoffrey Owen

A LEADING business historian yesterday described as "largely dangerous nonsense" the notion that, because Britain pioneered the industrial revolution and became a top economic nation in Victorian times, the country needed a return to Victorian values and the re-creation of something called "the enterprise culture."

Professor D.C. Coleman, giving a lecture on "The uses and abuses of business history" at the London School of Economics, also attacked the view that "the great British rot" set in after about 1850 and was attributable to something called "the decline of the industrial spirit" and that this happened because "our educational and cultural values became profoundly anti-business."

Prof Coleman said that to propagate the belief that "economic decline is the result, not of individual business decisions, but of some amorphous spirit, is to disseminate a perilous delusion. People will believe such things because they offer comforting excuses. In reality, it was not so much that any industrial spirit declined after the "high noon" of Victorian Britain, but, on the contrary, that too many of the attitudes of mind associated with the industrial revolution persisted for too long."

The industrial revolution was indeed a triumph of industrial enterprise, Prof Coleman said, and it had taken place in a society whose elite was no more enthusiastic then about manufacturing business than it was to be a century later. It was, moreover, a triumph of individual enterprise in practical know-how.

It was effected in a labour market untrammelled by powerful trade unions and a product market little troubled by competition. The values which were carried forward included an aggressive and often pig-headed individualism; a deep suspicion of science; a complacent belief that tried methods were the right methods; an affection for machines primarily as labour displacing devices; and a marketing philosophy which enshrined "a faith that the customer would come to you rather than vice versa."

Prof Coleman argued that, instead of misplaced nostalgia for the industrial revolution, greater attention should be paid to the behaviour, past and present, of "that most important organisational unit of the economy, the business company."

## UK NEWS

# Ulster Loyalists pledge resistance to accord

BY OUR BELFAST CORRESPONDENT

ULSTER Loyalists last night pledged to form a new body to be called Ulster Resistance to mobilise Protestants against the Anglo-Irish Agreement, which gives Dublin a say in the affairs of the province.

Three thousand Loyalist supporters who attended a rally addressed by the Rev Ian Paisley, leader of the Democratic Unionist Party, put their names to a statement of intent.

A statement from the meeting said Ulster Resistance would begin recruiting men throughout Ulster who were willing and prepared "to take direct action as and when required."

The statement of intent from the unnamed leadership of the new group said that those at the meeting had resolved to band together to take whatever steps were necessary to destroy the Anglo-Irish Agreement and what they called the Republican conspiracy.

Ulster Resistance said it would mobilise the men of Ulster into an organised and disciplined force but it said that action would be "strictly disciplined, calculated and controlled."

Mr Paisley refused to make any comment after the meeting and members of his party said the only message they wished to give was contained in the statement.

The meeting had been called by Mr Paisley to discuss what reports had suggested was the setting up of a new paramilitary force. But there was no suggestion in last night's statement that the new group would take up arms.

Ulster Resistance appears to be made up mainly of supporters of the DUP and of the Ulster Clubs, an organisation which developed after the signing of the Anglo-Irish Agreement last year.

# Treasury challenged over output

By Philip Stephens

THE TREASURY'S forecast of a rebound in output growth to 3 per cent next year is likely to prove over-optimistic, while inflation will be significantly higher than official projections, the independent Oxford Economic Forecasting said yesterday.

In its latest analysis of prospects for the British economy, it forecasts a rise in output of 2.4 per cent next year.

Inflation, which the Treasury is anticipating will rise to 3¾ per cent by the fourth quarter of 1987, is projected at 5.3 per cent by the end of next year.

The Oxford group expects Mr Nigel Lawson, the Chancellor of the Exchequer to cut income taxes by £2bn in his next budget, which together with the increases in public spending announced last week, will be at the expense of higher public borrowing.

It is also more pessimistic than the Government on the immediate outlook for Britain's trade position, predicting a £2.2bn deficit on the current account of the balance of payments next year.

Over the medium-term, however, its says that a further depreciation of the pound's value, faster world economic expansion and more subdued growth in Britain's domestic demand should bring the current account back towards balance.

# Tory pledge sought on shares compensation

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO LEADING industrialists are seeking a public commitment from the Conservative Party that shareholders will be fairly compensated if deprived of their holdings in any future nationalisation.

Sir John Rix, chairman of Vosper, and Sir William Lithgow yesterday warned potential investors in British Gas that they would be totally unprotected – even by a Conservative Government – in the event of re-nationalisation.

They urged the Government to "come clean" and give investors a guarantee that a Conservative administration would never again pay less than fair value for private property taken by the state.

They pointed to the fact that while the prospectus for the privatisation of British Gas refers to the attitudes of the other major parties to state ownership, it gives no indication of the Conservatives' attitude.

Sir John and Sir William claim to have the support of the Confederation of British Industry (CBI) and of MPs and peers from all parties in their campaign, which follows last week's condemnation in the House of Lords of the level of compensation fixed by the Conservatives for assets seized under Labour's 1977 Aircraft and Shipbuilding Industries Act.

Both men were involved in companies whose shareholders took the UK to the European Human Rights Court in Strasbourg claiming that the compensation paid under the 1977 Act breached shareholders' property rights under the European Human Rights Convention.

The court rejected the complaint in July, ruling that, while the taking of property without compensation "reasonably related to its value" would normally violate the convention, governments had a wide discretion in deciding what was in the wider public and national interest.

The campaign by Sir John and Sir William is likely to be seen as having the parallel purpose of trying to persuade the Government to give them additional compensation, notwithstanding the Strasbourg ruling.

Sir William is renewing the battle in Strasbourg by way of claims by shareholders in two companies which were not among those covered by the July ruling.

The claims concerning Scott Lithgow and its Scott Lithgow Derydocks subsidiary were declared admissible by the European Human Rights Commission in 1983 and the Commission is now considering them on their merits, before deciding whether to send them to the Strasbourg court.

Scott Lithgow will argue that the claims are sufficiently different on their facts to be distinguished from those rejected by the court in July and therefore deserving of separate consideration.

# Lloyd's closes file on Fidentia affair with censure action

BY NICK BUNKER

LLOYD'S of London has declared the so-called "Fidentia affair" officially closed after more than three years of internal investigations.

Three of the insurance market's underwriting members have been censured by the Council of Lloyd's for their part in the affair, Lloyd's said yesterday. A fourth member has been reprimanded.

Mr Peter Miller, chairman of Lloyd's, said: "This is, I trust, the end of the Fidentia matter."

The Fidentia scandal erupted at Lloyd's in late 1982. It centred on allegations that two Lloyd's underwriters, Mr Raymond Brooks and Mr Terence Dooley, had improperly diverted money belonging to members of insurance syndicates of which they were the managers.

Mr Brooks was expelled from Lloyd's in December 1984. Mr Dooley was banned from doing business there for 21 months. The two men were alleged to have channelled syndicate funds from 1970 onwards into Fidentia Insurance company of Bermuda. Both Mr Brooks and Mr Dooley were shareholders of a company which controlled Fidentia.

Yesterday's announcement related to the part played in the affair by Mr Bryan Cyril Peers, Ms Margaret Mary Brooks, Mr John Raymond Parry and Mr Frederick Charles Raven, all of whom have been members of Lloyd's for more than 10 years.

The Council of Lloyd's decided on Monday to confirm a disciplinary committee's decision to censure Mr Parry and Mr Raven and require them to pay costs of £27,500 each. Mr Peers has been censured and ordered to pay £5,000 in costs, and Ms Brooks has been reprimanded and ordered to pay £2,000. A reprimand is the lowest penalty provided for under Lloyd's bye-laws.

Mr Parry and Mr Raven were found guilty by Lloyd's on one charge of placing reinsurance treaties with Fidentia on terms that favoured Fidentia and were "unduly disadvantageous" to the Brooks and Dooley syndicates. They were found not guilty on one other charge.

Mr Peers, an accountant, was found guilty on four out of 12 charges which alleged that he breached his duties as a director of Brooks and Dooley (Underwriting), responsible for preparing syndicate accounts.

Ms Brooks, Mr Brooks's daughter, was found guilty on three charges alleging conduct detrimental to Lloyd's and its members. They included allegations that she failed to investigate what was happening between the Brooks and Dooley syndicates and Fidentia while she was engaged on clerical duties as a director of Brooks and Dooley (Underwriting).

Lloyd's noted in mitigation that she knew nothing about underwriting and had actively helped in trying to resolve the affair and to satisfy claims made by syndicate members.

# Saatchi plans to expand management consultancy

BY DAVID CHURCHILL

SAATCHI and Saatchi, the international advertising group, yesterday announced plans to expand its management consultancy activities with the appointment of Mr Victor Millar as chairman and chief executive of its consultancy operations.

Mr Millar, 50, is currently a senior managing partner of Arthur Andersen, the world's largest consultancy firm, where he has been largely responsible for the build-up of its consultancy business since the 1970s.

Saatchi moved into the consultancy business in 1984 when it acquired the Hay Group, a leading management consultancy operation.

Saatchi believes that as industry becomes more complex and operates on a global scale, "the demand for consultancy skills will continue to increase at a rapid rate."

The consultancy industry worldwide had an estimated revenue last year of almost \$100bn, reflecting an increase of some 16 per cent in value over the 1984 level.

# UK NEWS

## West German magazine group considers launching second title

BY RAYMOND SNODDY

GRUNER & JAHR, the West German magazine group, is considering launching a second magazine in the UK following the debut of Prima.

The company claims that after two months Prima is already the top-selling women's monthly with an estimated sale of 680,000 for its second issue.

Gruner & Jahr, the magazine publishing arm of the German media group Bertlesmann, is now looking at the possibility of publishing a British version of one of its German titles, Geo. It is a monthly travel, exploration and adventure magazine – a more populist version of National Geographic.

Mr Rolf Paltzer, UK managing director of the German group, said yesterday he would also like to create a new magazine in the UK rather than just producing British versions of magazines already being published in France or Germany.

The West German company has already installed a management team in Britain large enough to run several magazines.

"It would have been foolish for us to have come here for just one magazine," said Mr Paltzer.

Although final audited returns are not yet in, the company believes the first issue in October sold at least 580,000, and the second 660,000.

The December print order has been increased to 950,000 and Mr Paltzer hopes the magazine, which cost around £5m to set up, will be breaking even by the spring or early summer.

Mr Robert Benton, Prima's advertisement director, said independent market research showed that 85 per cent of those who bought Prima's first issue bought the second – a high percentage for the UK magazine industry.

## Fine on BL over imports upheld

By Raymond Hughes

A £210,000 fine imposed on BL (now Rover Group) when it tried to block the reimport into the UK of cheap Mini Metros bought in Belgium was upheld by the European Court of Justice in Luxembourg yesterday.

The court rejected BL's appeal against the fine, imposed in July 1984 when the European Commission held that BL was breaking Common Market rules by trying to protect its approved UK distributors from competition from cheaper left hand drive models bought on the Continent.

BL, the Commission ruled, was abusing a dominant position in breach of Article 86 of the Treaty of Rome.

The court said yesterday that BL's conduct could only be construed as a deliberate intention to create barriers to reimport which came into competition with its approved distributors.

BL had taken action when its UK dealers complained that professional private importers were bringing left hand drive cars in from Europe, where they could be bought more cheaply.

BL responded by charging a £150 fee – later reduced to £100 – for issuing a manufacturer's certificate enabling a reimported car to be registered in the UK. The comparable fee for a car bought in the UK was £25.

In its judgment yesterday the court said that BL had given evasive replies to Metro importers about the certification formalities in a bid to discourage imports. The company had deliberately refused to provide the necessary information and services which it alone was in a position to supply to dealers trying to import its models.

## GM launches new version of Carlton

By Kenneth Gooding

GENERAL MOTORS' new executive car, the Vauxhall Carlton, goes on sale today and the group says it has already received orders for 8,000 worth £81m at showroom prices.

"Reaction to the new Carlton models has been truly outstanding and exceeded our expectations," says Mr Peter Batchelor, Vauxhall's director of marketing. GM's new model, known in European continental markets as the Opel Omega, is the product of a DM 2bn (£682m) investment programme. It is assembled at GM's Opel factory at Rüsselsheim in West Germany.

In the UK it competes particularly with the new Rover 800 Sterling as well as the Ford Granada, the best-selling executive car in Britain, and Volvo models among others.

In its best year, 1984, sales of the old Carlton reached 20,100 in the UK. GM hopes the new version will have annual sales of 25,000. Prices of the new Carlton range start at £9,250 for the 1.8 litre, L version, and rise to £13,205 for the five-door CD estate. This represents a 6.5 per cent increase on the previous 1.8 litre Carlton L.

## TUC attacks plans for local service tendering

BY PHILIP BASSETT, LABOUR EDITOR

THE TRADES Union Congress (TUC) is calling on the Government to abandon its plans due to be announced today to require local authorities to put public services out to tender. A poll commissioned by the unions showed that three-quarters of the public believe that decisions on tendering should be left to local rather than national government.

The Queen's Speech to Parliament today which outlines the Government's legislative programme, is expected to include proposals which would make it compulsory for all local authorities to seek tenders from private contractors for services such as refuse collecting and street cleaning.

In advance of that, the TUC yesterday published a report, detailing 42 separate cases "where contracting-out has gone seriously wrong." The report says that the contractors' failure has persisted since the first TUC report on the issue two years ago.

Mr Norman Willis, TUC general secretary, said that the plans to be announced in today's Queen's Speech were "a disgraceful denial of local democracy, an insult to local government and an insult to consumers."

Mr Rodney Bickerstaffe, chairman of the TUC's economics committee said that the report showed that "some of the savings which looked so attractive at first melt away like snow in the spring when contracting out goes wrong."

The poll – one of the first used in this way by the TUC – found that 74 per cent of the public were in favour of local authorities deciding on whether services such as school cleaning and school meals should be put out to tender and possibly privatised. Central government was favoured by only 14 per cent of those questioned, with 4 per cent expressing preference for neither and 9 per cent saying they did not know.

There was remarkable unanimity on the issue across lines of class, sex and age, with the highest support for local authorities coming from those over 80 but not yet retired, and part-time workers. Greatest support for central government came in the Midlands, where those in favour were 17 per cent and among those living in private rented accommodation (22 per cent).

# THE ARTS

## Television/Christopher Dunkley

# Every Sunday for six weeks: drama from heaven

Whatever else you do this coming Sunday evening, make sure you are near a television set between 9.00 and 10.15—then reserve the following five Sundays as well. That way you will be sure to see every moment of *The Singing Detective*, probably the most compelling piece of original television fiction that I have seen in 16 years as a critic.

Throughout that time and more, I, like many others, have followed the career of Dennis Potter as his work has progressed from the political plays about *Nigel Barton*, via dark spiritual dramas such as *Follow The Yellow Brick Road*, to the extraordinary *Pennies From Heaven* which wove popular songs from the 1940s into the fabric of the story. That series won awards, like many of Potter's works, and quite rightly so. Yet *Pennies* was flawed by the somewhat laboured manner in which the songs were used. In *The Singing Detective* Potter has finally put everything together and created the true masterpiece of which he always seemed capable.

To Potter enthusiasts many of the ingredients in this new serial will be familiar: the childhood in the Forest of Dean; the compulsion to ridicule organised religion even while expressing what seems to be an agonisingly religious view of the world; the obsession with wartime Britain; the lip-synch miming to forties songs; the fascination with the relationship between the writer and his work; and, above all, those resonances which chime at intervals throughout our lives when the bell of our being is struck by a hammer which is tripped by a word, a face, a gesture—*or of course a popular song*.

In *The Singing Detective* these resonances resound through four layers of plot. In the first, a writer of cheap detective stories named Philip Marlow (joke fully intended) is marooned in hospital where he *receives treatment and converses* with a psychiatrist. In the next year, approached subconsciously via fever or drugs, he is re-living his wartime childhood, that period "when you heard songs coming up the stairs when you were supposed to be asleep." In the third he is re-creating as a conscious exercise the narrative of one of his own pulp novels, with himself in the rôle of the forties detective. The detective also happens to be a crooner with a dance band, hence the title of Marlow's book and Potter's serial. In the fourth layer Marlow is thinking about the fictional present and his *wife's* activities.

And there is yet another stratum of reality which only becomes significant when you know a little about Potter. The illness that the fictional Marlow suffers from is psoriasis, the awful skin disease which not only gives a bleak irony to the song "I've Got You Under My Skin," but which in reality has dogged Potter for years, marooning him in hospital beds for long periods, and forcing him, even when leading a "normal" life to hold his beloved cigarettes clumsily between thumb and closed fist.

Michael Gambon, in a double performance as writer and detective which is quite outstanding even by his extraordinarily high standards, not only *reproduces* Potter's *smoking* technique, but turns it into a sort of trademark. For anyone who has come across Potter—if only via his television appearances—and noticed this habit, it is impossible to avoid the feeling that the writer is, at last, portraying himself directly in *his work*. The line "*You just* don't know writers; they'll use anything—they'll eat their young" is put into Marlow's mouth but sounds like authentic Potter.

So, in addition to bouncing along in Potter's wake, keeping track of the criss-crossing plots and snatching delightedly at all the internal cross-references, the viewer can also play a rather more terrible game: deciding how much to regard as true self-portrait, and how much as fiction.

If all this sounds complicated, so it is—but in a wonderfully entertaining way. Here we have not some old novel adapted for television, but an original work created specifically for the electronic medium, by a master craftsman who has served a long and productive apprenticeship. Today Potter uses television with the familiarity and assurance that Dickens brought to the writing of novels.

That is not to imply that Potter's work is going the way of so much in today's British cinema where the image is all. Potter's scripts are as rich as they ever were. The splendid 1940s detective story, played out as a drama-within-a-drama, with Patrick Malahide (the detective Mr Chisholm from *Minder* giving his best-ever television performance, is written as a fully sustained pastiche: "Personally I don't wanna walk down any mean streets, but there's no money in picking bluebells: am I right or am I right?"

Yet although Potter's ear is wickedly accurate, it is his feeling for the other dimensions of his medium which is so unusual. With the best possible collaboration from director John Amiel, lighting cameraman Ken Westbury and editors Sue Wyatt and Bill Wright, Potter has created a set of through-composed ribbons of images with the richness, but happily none of the pretentious obscurity, of a Tarkovsky movie, and he plaits these ribbons into a single multicoloured strand.

Then, with the viewer in his grip, he swings with seeming effortlessness through time and space, carrying us repeatedly, episode after episode, into the condition of a dream, where action and reaction, normal chronology and the shared assumptions of existence, dissolve. Visually everything remains sharp and clear, but a new internal logic dictates the way that the obsessive images come and go: the boy in the treetops amid his green ocean of leaves, the squashed ladybird, the smeared lipstick, the woman's naked body pulled again and again from the dirty river, the terrifying face of the dear old school mistress.

The switch from writer's childhood to writer's fictional creation and then to writer's adult self, all within the head of the one man, accurately represents the way that our minds work. The upraised arm of the crooner, superseded by the upraised arm of Marlow's father at the railway station, then by the upraised arm of the scarecrow and even a soldier with an upraised arm on a poster, is a time-chopped memory sequence of a sort which everyone has experienced at some stage. Potter knows that the irrational and sub-conscious are as significant in our make-up as the logical and conscious.

Michael Gambon as the Singing Detective

There will probably be trouble over the poignant and awesome juxtaposition between the copulating couple in the wood and the old man with a heart attack receiving an adrenalin injection in hospital. In both scenes the human body is being penetrated, in both cases the heart is at the centre of affairs, in both cases the theoretical purpose of the penetration is the giving of life, and yet in both cases tragedy—indeed death, although on different timescales—ensues. The imagery is rich, telling and ironic, yet no doubt we shall hear from those who accept death and destruction as clean but regard love-making as dirty.

It would take another column to do justice to even half the glories of this production: the power of the music (especially the slow harmonica version of "Peg O'My Heart" used as a signature tune); the magnificent acting from a huge cast including Bill Paterson as the psychiatrist, Janet Suzman as Marlow's wife, Alison Steadman as his mother, and Joanne Whalley as his distractingly gorgeous nurse; the depth of the atmosphere in the 1940s sequences and the Forest of Dean. The series is also very funny.

*The Singing Detective* is the best possible answer that the BBC could give to those who argue that the Corporation is not necessary any more. You cannot point forever to Granada's adaptation of *Brideshead Revisited* (made in 1980) and Granada's adaptation of *Jewel In The Crown* (made in 1983) as proof of commercial television's ascendancy in drama. Just as the BBC's *Edge of Darkness* was the best television drama of 1985, so the BBC's *Singing Detective* is the best of 1986. If it does not sweep the board at every major awards ceremony I . . . well, I shall stop sitting on the juries.

## La Gioconda/Florence

### William Weaver

Though four out of five Italians can hum the Dance of the Hours or sing the first bars of "Suicidio!" Ponchielli's *La Gioconda is a rarity in Italian* theatres these days. Some months ago the Teatro Comunale took a poll among its audiences, asking them what work they would most like revived, and *La Gioconda* was undisputed winner. And so it has now been presented there *for the first time in 30 years* in a handsome new staging designed and produced by Sylvano Bussotti. It was a total success.

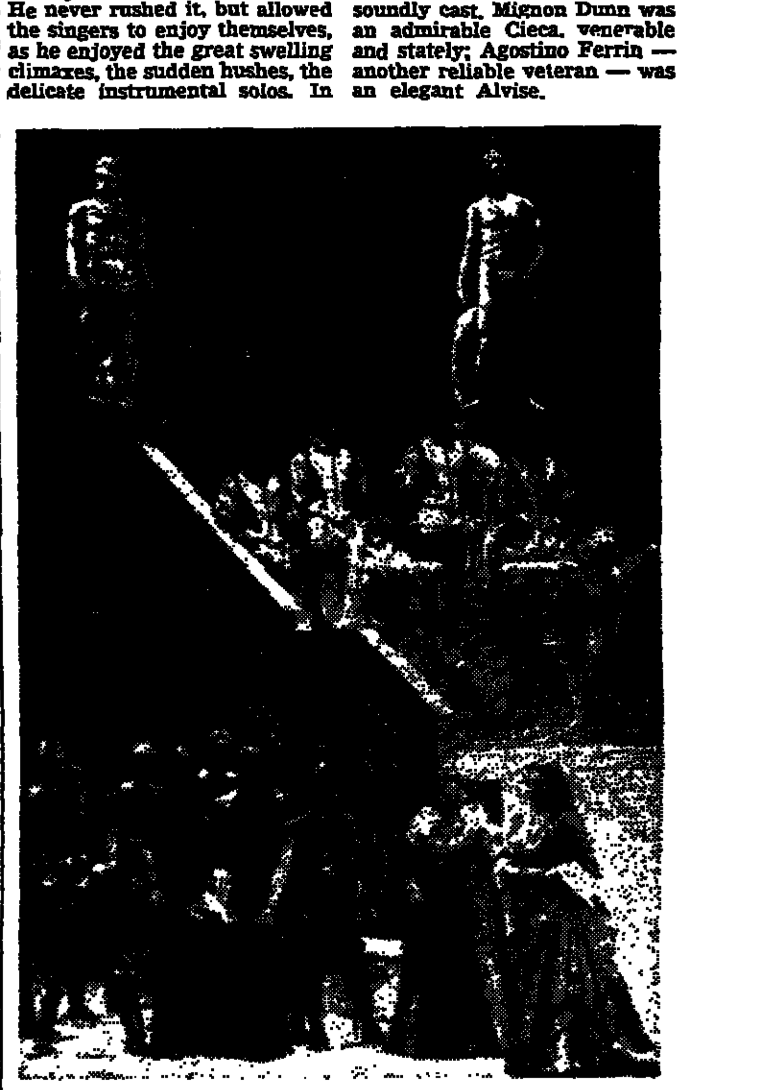
Bussotti's work can be irritatingly quirkish, pretentious and provoking, but he has a great respect for tradition when he stages *operas* of the past. His *Fanciulla del West* (seen in Florence over a decade ago) had real trees; and his *Gioconda* exploited the Venetian setting to the full, with gondolas, glinting lagoon, statues, gold and marble. And the action moved in a straightforward narrative: this was not "Barnaba's dream," nor a complicated flashback, nor a commentary on capitalism. It was a rich story, richly and reverently told. The sets were three-dimensional, and the costumes were appropriate and good-looking: those for the ballet were magical.

The conductor, the obviously young Miguel Gomez-Martinez, clearly loved the dear old score. He never rushed it, but allowed the singers to enjoy themselves, as he enjoyed the great swelling climaxes, the sudden hushes, the delicate instrumental solos. In the first act he seemed occasionally to have some difficulty keeping all the elements of the performance together, especially *in the complex choral scenes*. But as he gained confidence, he commanded a fluent, nuanced execution. The orchestra and chorus were both at their best, full and vigorous and enthusiastic. The corps de ballet was also in good form, and in Alfonso Catà's simple but effective choreography the Dance of the Hours seemed fresh and charming.

Ghena Dimitrova sang the title role. The voice was not always beautiful (indeed, at times, it was strident), but it was never less than dramatic, and every note was felt. As an actress, Dimitrova is reminiscent of Zinka Milanov: imperious, larger than life, with little subtlety of characterisation but with enjoyable grandeur.

A last minute replacement as Enzo, the veteran Giorgio Merighi, apart from some initial trouble with intonation, was a ringing hero, with admirably distinct enunciation. As Laura, Alexandrina Milcheva inevitably seemed pale beside the fiery Gioconda of Dimitrova, but still she stood up to her bravely in their fierce second-act duet, and she came off well. Alessandro Cassis, always a reliable artist, was a properly sinister, vocally impeccable Barnaba.

The smaller roles were all soundly cast. Mignon Dunn was an admirable Cieca, venerable and stately; Agostino Ferrin — another reliable veteran — was an elegant Alvise.



Ensemble from Act I of *La Gioconda*

## Plus ca change at the Royal Opera House

It was the same old story from Sir Claus Moser, chairman of the Royal Opera House, Covent Garden, when he addressed his last annual Press conference yesterday (he retires in the summer): unless Covent Garden gets a higher, and guaranteed, Government subsidy, future prospects look bleak.

His influential voice is one *of many to be heard over the next few days*—Sir Peter Hall of the National Theatre will have his go today—putting pressure on the Government to increase the grant to the Arts Council. As things stand the grant, which may be announced next week, is likely to be raised by less than 3 per cent, way below the Arts Council's request, forcing it to cut support to its clients in real terms in 1987-88.

The Royal Opera House, the Arts Council's biggest client with a grant of £13m this year, just managed to break even in its last season, but only at the cost of reducing its contingency fund for the current year. Box office receipts, at £7.3m for Covent Garden performances, were slightly down; Sir Claus had budgeted for a 5 per cent increase. This fall he attributed to strike action, although attendances for opera performances dipped by 1 per cent, to 89 per cent. For (more profitable) ballet they rose by 1 per cent, to 86 per cent of capacity.

Given the problems that have hit Covent Garden in the past year—Placido Domingo's withdrawal from *Otello*, a strike by the orchestra, hostile critical receptions for *Der fliegende Hollander* and *Fidelio*, plus more recent setbacks over the casting of *La Traviata* and *Jenufa* — the annual report is quite bullish, particularly about the massive redevelopment plan, and the arrival of Bernard Haitink as musical director.

Sir Claus defended Covent Garden against the attacks of critics by pointing out that opera houses must take risks with productions. Fortunately sponsors have not been deterred *by the more experimental* repertoire, and raised their support by 7 per cent to £1.9m, out of a total income of £26.3m. However Sir Claus sees little chance of pushing this figure higher.

He broke ranks with the Arts Council in asking the Government for an earmarked grant, putting the Big Four national arts companies in a special category. This would seriously diminish the authority of the council, which sees its current task as rallying the entire arts world in a concerted effort to persuade the Minister for the Arts that any increase in grant below the level of inflation would mean the final coming of the forebodings which have been such a feature of arts world politics in recent years. Some arts organisations would go out of business. But the minister, secure in his knowledge that his tax and policy changes have substantially raised the level of corporate and private funding of the arts, may not be in a mood to listen to the heart-felt pleading.

**Antony Thorncroft**

## The Machine Age in America/Brooklyn Museum, New York

### Gillian Darley

Turn of the century America looked to the Renaissance for its inspiration in the arts and design. Whether expressed by apartment blocks ornamented in the style of Francois I, or gentlemen's clubs decked out as Italian palazzi, the culture of Europe in the 15th and 16th centuries matched the ideas and goals of late 19th-century America — easing into mercantile confidence and new sophistication.

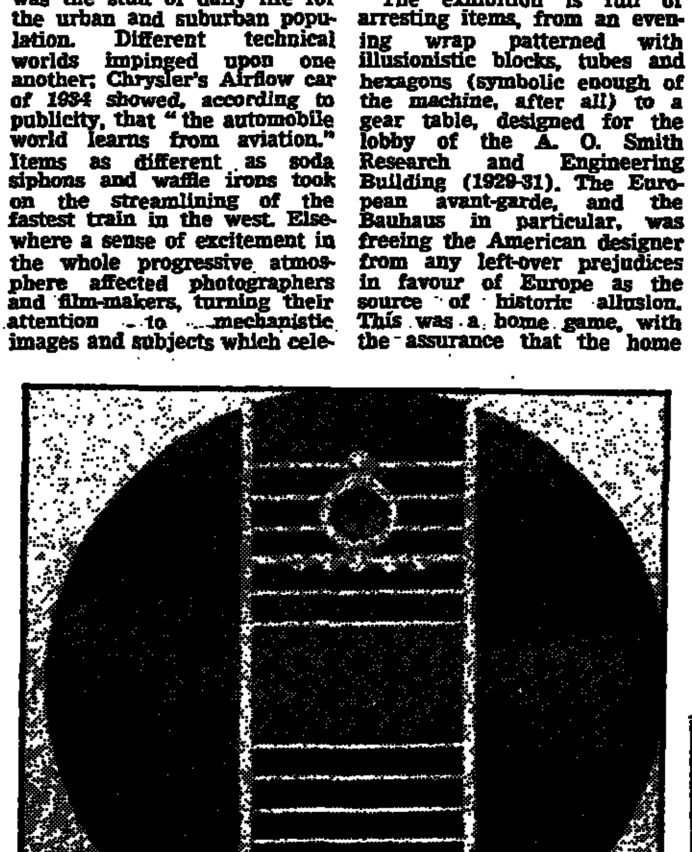
Yet only 20 or so years later all eyes had turned to the machine. Technology eradicated all references to such an inappropriate past, the Renaissance Revival paled into anachronism, and for the inter-war years the arts, applied arts and industrial design flourished in a world of cog wheels, streamlining, bolted metal and steel hawsers. The view was quite *suddenly* determinedly forward, with not a backward glance.

All this is highlighted in an exhibition being held at the Brooklyn Museum, New York, until February. What was previously variously and unsatisfactorily labelled the Jazz Age or Art Deco, confining the movement to fashion or the decorative arts, has now been extended into a comprehensive look at the spirit of the age — one which permeated American life from the most mundane household implement to the widest issues of mass manufacture and urban planning.

*The Machine Age in America, 1918-1941*, is, as the title would suggest, focused on the US only, but by inference there are many parallels (and contrasts) to be drawn with Europe. Britain held aloof from much of this progressive mood, retreating into a world of mock-Tudor detail in which the *outside* world could be dimly glimpsed through stained glass door panels.

In the US the Machine Age was the stuff of daily life for the urban and suburban population. Different technical worlds impinged upon one another; Chrysler's Airflow car of 1934 showed, according to publicity, that "the automobile world learns from aviation." Items as different as soda siphons and waffle irons took on the streamlining of the fastest train in the west. Elsewhere a sense of excitement in the whole progressive atmosphere affected photographers and film-makers, turning their attention to mechanistic images and subjects which celebrated the great feats of engineering and technology.

The exhibition is full of arresting items, from an evening wrap patterned with illusionistic blocks, tubes and hexagons (symbolic enough of the machine, after all) to a gear table, designed for the lobby of the A. O. Smith Research and Engineering Building (1929-31). The European avant-garde, and the Bauhaus in particular, was freeing the American designer from any left-over prejudices in favour of Europe as the source of historic allusion. This was a home game, with the assurance that the home team was winning.



Bluebird Radio, 1937-40, by Walter Darwin Teague

Even the desperate images of rural poverty which emerged during the depression did not clutter the sensibilities of the optimistic, opportunistic promoters of the modern spirit. After all, with credit schemes for car sales and home ownership, the consumer revolution was spreading. Raymond Loewy, the industrial designer, redesigned the Sears Roebuck Coldspot Refrigerator annually between 1935 and 1938; the interior works remained unchanged but the trimmings were altered year by year. It was a matter of keeping the product in demand; built-in obsolescence of image rather than of mechanism.

Of course, this represented the darker side of the Machine Age; but many of the innovations which began with style and image ended with improved efficiency. New road systems, improved railway trains and many other areas of public utility benefited from the tenets and glamour of the machine age. The vocabulary was universal enough to touch every area of life; it was propaganda for the American Dream writ large.

## Nash Ensemble/Elizabeth Hall

### Richard Fairman

*With Monday's* concert the Radio 3 Russian season came right up to date. There is no trace of social realism, no echo of the old official fanfares of optimism in the music that is being written in Russia in the 1980s, although it would still be interesting to try and fit the new works that we heard here into the central European tradition of the post-war period.

The Leningrad-born composer Elena Firsova is still in her thirties. One of the main features of her career to date has been her fascination for the poetry of Osip Mandelstam. The cantata *Earthly life* — a BBC commission, no less, here receiving its first performance — takes that interest further and sets five of the poems: a strange and introverted collection, matched by the spare textures and ruminative, spacious calm of Firsova's score.

The musical ideas are few and developed at length. (One chromatic motif forms the basis for much of the last two songs.) The timbres and textures of the 10 solo instruments are, however, handled with finesse. Flute and harp often duet with the solo voice, while lower strings provide more deeply expressive, even romantic support. The vocal part itself is never positively *melodic*, though the soprano Penelope Walmsley-Clark unfolded it with an almost Straussian opulence.

Some of the same features—the clear sound patterns and *swatches of lyricism* for the voice—came up again in Shnitke's *Three Madrigals*. But this short work, written in 1980, takes a firmer hand and discipline to its material and backs up the *poésie concrète* of the German poet Tanzer with terse, effective harmonic statements. The Nash Ensemble, conducted by Lionel Friend, seemed fully in control of both scores.

With 10 players to hand, an odd assortment of other pieces was thrown in to use up their time. Stravinsky's Three pieces for string quartet (1914), which sound like odd jottings left over from the *Rite of Spring* a year earlier, were the most unusual. A sensitive performance followed of Prokofiev's Flute Sonata from the flautist Philippa Davies and Ian Brown, an unduly gentle and reticent accompanist. *Chaikovsky's Souvenir de Florence* brought up the rear.



# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

November 7-13

## Theatre

### TOKYO

**Takarazuka All-Girls' Revue.** This phenomenon, the antithesis of Kabuki where all the roles are played by girls but with typical Japanese innocence and earnestness and totally un-camp, is a must for visitors. Takarazuka perform elaborately staged and skilled musical adaptations of both Japanese and Western plays – also revues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings and huge casts. Takarazuka provide another insight into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (591 1711).

**Dreamgirls:** Michael Bennett's Broadway Tony and Grammy Award winning musical. The story of a 1960s female pop group, this is an original production brought to Tokyo by Isetan Department Store and Asahi Television as part of Isetan's centennial celebrations. Kosei Nankin Hall, Shinjuku. (359 2200).

### LONDON

**Les Liaisons Dangereuses** (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

**Lend Me a Tenor** (Globe): Ian Talbot leads the new cast in Ken Ludwig's fizzing comedy about backstage tribulations in Cleveland, Ohio, during a doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 6433).

**Misalliance** (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

**Kafka's Dick** (Royal Court): Alan Bennett resurrects Kafka as a tortoise in the living room of a contemporary dogsbody researcher, an insurance clerk like his hero. Brave, strange and funny play about biography hinging, in part, on the enlarged matter of a small member. (730 1745/1857).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**When We Are Married** (Whitehall): Impeccable, joyous revival of an English comic war-horse now with a new cast, but Bill Fraser returning as the tipsy Falstaffian photographer. (930 7765, 839 4455, CC 379 6565/6433).

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**I'm Not Rappaport** (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

**Big River** (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by *default*. (246 0220).

**The Mystery of Edwin Drood** (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

### CHICAGO

**Pump Boys and Dinettes** (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

### WASHINGTON

**The Marriage of Betty & Boo** (Arena): Christopher Durang's latest swipe at domestic life and marriage has an autobiographical air as it dissects three generations of a contemporary American family. James C. Nicola directs a cast headed by Casey Biggs, Donna Snow and Thomas Anthony Quinn. Ends Nov 23.

## Saleroom/Antony Thorncroft

# New Masters rule

There seems no stopping the enthusiasm of American collectors for their contemporary art. At Sotheby's on Monday night a painting by Jasper Johns, "Out the window," considered to be his masterpiece of 1959, sold for £2,512,111. It was a record at auction for any living artist, and for a contemporary work of art.

The painting was one of the first to adopt a loose gestural style, and lavish exuberant colour, with an *explosion of* blues, yellows and reds. To many critics it stands for all that is obscure about modern art, and yet the price would have acquired one of the best works of an Old Master.

It came from the collection of Mrs Ethel Redner Scull. All told the auction brought in £9,165,398, with just 4 per cent unsold, a remarkable achievement. "Duck pond" by de Kooning went for £327,336, and a Mark Rothko, "Untitled," realised £274,048.

Also in New York on Monday Sotheby's did well with photographs. A Canadian private buyer paid £64,705 for "The seven words" by F. Holland Day, a series of portraits of the photographer as the crucified Christ. This controversial work *was first exhibited in 1898* and has since become an icon of photographic portraiture.

At Christies in Geneva a pair of sideboard dishes by the London silversmith Thomas Heming made £62,857 to a Swiss dealer. They were made to celebrate the coronation of King George III in 1761.

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# The price of negotiation

DAVID JACOBSEN, Camille Sontag and Marcel Coudari are to be congratulated on their *release from terrorist* imprisonment in the Middle East. But we in the West must be aware that *the procedures to which* the French and US governments resorted for this laudable *purpose have already* cost us heavily on several fronts, and that the bargaining which secured the *release* of three hostages risks giving extra impetus to the cycle of terrorism, bomb-throwing and kidnapping.

The US Administration has long urged its western allies in *the strongest* terms to take a tough line over terrorism, and above all not to negotiate with *terrorist groups*. It now emerges not merely that part of the US administration has for months *been negotiating* with Iran for the release of US citizens held hostage, but that the *quid pro quo has been the supply* of military equipment. Mr George Shultz, the US Secretary of State, *continues to believe in* the tough public policy, but the net effect of the revelations has been to undermine both his *credibility* and his authority.

Moreover, the supply of military equipment must help *Iran in its war against* Iraq. Even if it is not enough to tilt the balance decisively, it will alarm those moderate Arab states which fear above all else a military victory by a fundamentalist Iran.

### *Harsh contempt*

In an interview printed in the Washington Times, Mr Jacques *Chirac, the French* Prime Minister, adopts a harshly contemptuous attitude towards what *he sees as the noisy crudity* of American policy towards the Middle East, particularly towards Middle Eastern terrorism. He may have a point, but it is disingenuous of him to pretend that a few bombs in the streets of Paris are small beer compared with the greater aims of resurrecting Lebanon, stemming the tide of Islamic fundamentalism, and restoring peace to the Middle East. In the first place, it is doubtful if France or any outside power can do much to achieve these great aims; in the second, the recent French tractations in Damascus were evidently not concerned with such grand strategy, but with the small beer of French hostages and bombs in Paris.

However great the other differences between Washington and Paris, on this issue they were both negotiating for the release of hostages. The quid pro quo in the case of the French hostages is so far unclear; perhaps it is the early release from prison in France of Georges Ibrahim Abdallah; but in any case, nobody will believe in a spontaneous act of generosity by a Middle East terrorist group.

Such negotiations always involve a short-term price, because that is what all negotiations involve; more seriously, the process sets a new precedent which legitimises *the activities* of the terrorists and gives them extra incentives to go on taking hostages. *The* Syrian Government is using its role in securing the release of the French hostages *to* vindicate its long-standing disclaimers where terrorism is concerned, and to offset against the evidence in the Hindawi case which pointed clearly to some Syrian involvement in the attempt to blow up an El Al airliner.

### *Intelligence exchange*

*The* picture of other aspects of the fight against terrorism is less dismal. European governments are at last co-operating more intensively than they used to, and should be able to make the terrorists' activities more difficult through greater exchange of information and intelligence, *through more* effective screening and physical security checks. In addition, there is a strong case for targeting security checks more intensively against embassies, organisations and citizens of suspect countries, so as to hamper the import of guns and explosives.

But of all the terrorist threats, that posed by hostage taking is the most difficult for a *democratic government* to handle. Clearly, the principle of no negotiation, no surrender is logical; *if* terrorist groups knew it would be followed, they would be much less likely to take hostages. But it is a logic which subjects governments to domestic pressures they find hard to resist, because the hostage is an individual whose life is piteously under threat day after day. We welcome three returned prisoners; a cure which risks making the disease worse, and which exacerbates the divisions between western countries, must be a cause of concern.

# The CBI's dim view of the City

THE NEW Confederation of Britain Industry committee on relations between industry and the City will have its work cut out. The CBI's membership has been broadened to include financial institutions, but evidently fellow-membership has not yet turned to fellow-feeling. After a sometimes passionate debate on a motion attacking the City for taking excessively short-term views, the president tactfully declined to count the vote.

A more only hostile motion, which roundly deplored the City's greed, was selected by the members for inclusion on the agenda, but was not discussed. Among many members, distrust is soured by envy—a predictable response to reports of astronomical salaries in the financial sector. In this respect, *if no other*, the widely predicted shakeout in the City, commonly dramatised as blood on the floor, may help to restore a sensible perspective.

### *Unequal partnership*

High salaries are not the only development in the markets likely to make relations still more strained in the immediate future. Those who strive to reconcile the two sides often talk as if this were a quarrelsome marriage, an uneasy mutual dependence; but with the growing internationalisation of security trading, it is an increasingly unequal partnership. Industry is heavily dependent on the UK markets for finance, but the financiers cast an increasingly roving eye on potential partners elsewhere. The complaints of the loudest critics sounded a little like those of a wronged wife.

British industry is simply being asked to meet international standards of financial performance, and the serious disagreements, which do need sorting out, are how to define that performance. The markets naturally look to relative share prices from day to day, while industrial managers must struggle with lead times which may stretch out to several years.

Mr David Walker of the Bank of England tried, not for the first time, to offer some marriage guidance counsel. He spoke a little wistfully of the German universal banking tradition, which leads to committed supportive relationships (though sometimes with ruthless financial hand on management). The Bank of England tried in the past to push the City of London in this direction, but failed. Mr Walker did usefully suggest, though, that companies which shop around for finance cannot complain if their backers are a little less than committed in their response.

Assuming that supportive arrangements for term finance are in place, the problem is formally one of the relations between a company and its equity shareholders, and Mr Walker repeated his well-reasoned plea for greater disclosure to help shareholders to form long views. He also urged that boards should cultivate personal relations with their major shareholders with the same care that they bring to relations with their customers, suppliers and workers. It is sad that this needed saying, but it did.

He broke new ground, though, in reminding the industrialists that the fickle shareholders of whom they complain are often their own pension funds. His reflections on the relations between company directors and their pension fund trustees were controversial, and sadly compressed by the CBI debating timetable. Trustees would certainly bridle at any suggestion which seemed remotely to dilute their commitment to the interests of the pensions, and of them only—especially those whose funds are proud that they have done far more than meet their contractual obligations. After an era of inflation, the moral and contractual obligations of the funds are very different, and this is clearly a delicate area.

In any case, the shortsightedness seems more often to arise in relations between trustees and their fund managers rather than their parent boards. It is here that the pressure for short-term performance is strongest, especially where funds are managed at arms length rather than by a known and trusted employee. Regulations to ensure liquidity, and to restrict any information which might count as inside information, can only make matters worse. The Committee will have a long agenda.

BRITAIN'S HIGH-TECH COUNTRYSIDE

# The lure of the silicon glen

By Peter Marsh

WITH her husband John, Maura Varney scoured Britain for an area "with a pleasant atmosphere" in which to base Keytek, a small, specialist engineering company that they had just formed. Finally, they chose Paignton, in Devon, largely because of the tranquility of *the countryside*.

Across England, in the picturesque market town of Hadleigh, Suffolk, Elliot Stoneham runs a two-man software company called Figure Flow. He rarely sees the customers for his programs and says he could be based virtually anywhere in the world—but Hadleigh suits him "because it is a lovely place."

Higher up the corporate scale, Hewlett-Packard, the big US computer company, would be unlikely to base any new UK *operations further north than* Worcestershire, according to Peter Ward, personnel director *of the company's UK subsidiary*. Any other choice, particularly sites in the cities of Britain's *manufacturing heartlands would* be suicidal because of the difficulties of luring bright people to work in "*places with bad images*."

All three anecdotes indicate the way that the location patterns of high-technology industry are transforming Britain's economic landscape. *Increasingly, new and existing* companies specialising in electronics, aerospace and bio*chemicals are favouring sites in* southern Britain, with a concurrent swing away from urban centres towards *rural areas*.

Such companies, according to many observers, stand a good chance of growing into *significant employers* and generators of wealth and so are fundamentally important to Western *economies hard hit* by the decline of traditional manufacturing concerns.

The shape of modern Britain can be seen most starkly from a map showing the branches of Barclays Bank which offer special services to high-tech companies. Barclays, which among the high street banks has taken a lead in trying to attract the custom of high-tech enterprises, has set up these branches in the past three years to reflect the concentrations of technology-based concerns throughout Britain.

Of the 62 branches which provide these services, 60 per cent are south of what is generally thought of as the UK's high-tech divide—a invisible line stretching diagonally from Gloucester in the west to King's Lynn in the east. The dots on the map are clustered most strongly around London, with three important axes reaching out from the capiatl *to Stevenage* and Cambridge, to Reading, Oxford and Swindon roughly along the line of the M4 motorway and, to the south west, to Southampton and Poole.

*North of this line*, the dots fade away, with a few clusters around other areas with significant concentrations of high-tech businesses — around Manchester, Coventry, Leeds and Edinburgh for example. These other areas, the Scottish lowlands, known as Silicon Glen, represent the only region of northern Britain to challenge the dominance of the South in terms of high-tech activity. Even here, some commentators have suggested, long-term prospects for employment growth may not be particularly good.

The swing towards the rural areas and the South may be taking on an almost unstoppable momentum, according to observers such as Dr David Keeble, a lecturer in geography at Cambridge University who advises the European Commission on planning issues. This is as succeeding generations of science-based concerns either start in the favoured regions as a result of "spin-offs" from existing companies or become sucked into these areas because of their better environments and association with success.

As a result, the prospects for Britain's most depressed places — the traditional manufactur*ing areas of the North* and the inner cities throughout the country — are looking grim.

"*The* places with economic problems have no chance whatsoever of attracting mobile high-technology industry," says Mr Michael Breheny, a planning expert at Reading University. Or as Mr Ward of Hewlett-Packard *observes*: "In high-technology industry, it is a case of 'To him that hath *shall* be given.'"

The trends in high-tech businesses in the UK reflect general shifts in location patterns of manufacturing industry as a whole. These shifts, which favour rural *areas and small towns* at the expense of the traditional manufacturing centres in *cities, have been under way in* Britain for 20 to 30 years and can also be seen to some degree in other countries: France, West Germany and the US, for instance.

One result of these changes is that, while *UK manufacturing* industry has declined sharply overall in recent years, in the rural areas it has shown a substantial increase, albeit from a relatively small base. Manufacturing output in East Anglia, the south-west and the East Midlands (all regions with relatively few large towns) increased between 1971 and 1984 by 35, 26 and 15 per cent respectively, compared *with a fall of over 30 per cent* in the traditional industrial regions of the North and West Midlands.

*The switch* in profile of manufacturing is proceeding in step with population changes. *The countryside* areas, with their more dynamic economies, are precisely the regions which are attracting the more mobile, affluent people who are migrating from other parts of Britain.

Over the two decades to 1984, the numbers living in East Anglia rose by a quarter, while for the South West and the East Midlands the increases were 15 and 11 per cent. That compares with overall declines or increases of only a few per cent in other parts of Britain.

A study of Britain's computer industry by Dr Tim Kelly, formerly of Cambridge University and now a consultant at Logica, the software company, showed that of the 325 *new computer concerns* started between 1975 and 1984, nearly half were in small towns (of fewer than 100,000 people) or rural areas, compared with 17 per cent in Greater London and 8 per cent in other conurbations. The most favoured areas for new computer companies are, according to the study, Cambridgeshire. Oxfordshire, Cheshire, Avon, South Yorkshire, Warwickshire and Surrey—all, with the exception of South Yorkshire, largely rural districts.

Researchers at Reading University's geography department have examined growth trends in technology-based industry generally, defined to include electronics, *telecommunications*, pharmaceuticals and aerospace. Over the six years to 1981, the league table for such *industries* (measured by employment growth) was headed by Berkshire, Hertfordshire, Clwyd, Hampshire, Surrey, Kent, West Sussex and Bedfordshire, again mainly rural areas in the South.

What lies behind these trends —and what, if anything, can be done to even out the development *of UK high-tech businesses*? Dominating all the growth patterns, as it has done for hundreds *of years, is London*. As a communications hub, a base for multinational headquarters and a centre of financial activity, London draws towards its new economic enterprises and is a natural promoter *of growth in the South*. Much of the electronics industry in the UK started in the *1920s* and *1930s in London* and the surrounding areas, largely to be near the centre of government.

The growth pattern in the last few years, which are emphasising the more rural parts of the South such as Wiltshire, East Anglia and Devon, are the result, says Dr Kelly of Logica, of London casting its influence over an increasingly wide area.

Defence spending gives a significant boost to high-tech companies in the South. An *estimated 65 per cent of the* £7bn that the UK Defence Ministry spent in 1983-84 went to companies in the South East and South West. This regional bias is largely due to the concentration in the South of Defence Ministry research establishments and procurement offices.

According to Dr Herbert Loebl, director of *New Business* North, a technology-transfer agency in Newcastle, the concentration of such establishments in the South of England has a disastrous effect in impeding the growth of technology-*based concerns in other regions*.

Working in pleasant conditions in the countryside is becoming increasingly important for many of the skilled people who are vital to today's high-tech businesses. The *character* and atmosphere of a place is important in attracting people "with brain power," according to Mr Ray Bristow, technical director of Fairford Electronics, a specialist electrical company. His company, which started in Gloucestershire, has moved to south Devon for this very reason.

Migration, however, *is only* part of the story. Once regions form what Mr Matthew Bullock, head of the high-technology unit at Barclays Bank, calls a "critical mass" of small science-based enterprises, suc*ceeding waves of new companies* are likely.

The association between the North and old-style manufacturing industry — often reinforced by the presence of massive monuments to the past such as *derelict mills* and by what academics call an "employer-minded" mentality which makes the formation of new businesses more difficult—is an undoubted handicap for the regions away from the South. "We are carrying the burden of starting our industries before anyone else," says Mr Don Whitehead, managing director of VSW Scientific Instruments of Manchester.

Mr Derek Roberts, joint deputy managing director of GEC, Britain's biggest electronics and electrical engineering company, says that in recent years relatively few new activities among GEC's 120 or so divisions have been based in the North. "Emotionally I would have liked to start new businesses in these areas," says Manchester-born Mr Roberts, "but we haven't been able to identify the right opportunities."

Perhaps the most interesting aspect to the clusters of UK technology-oriented businesses is that the patterns have been almost entirely unplanned. In general, science based companies have set up in sites that suit them, rather than fitting in with regional policy directives which have attempted to push *new concerns* to districts of high unemployment.

Where companies are persuaded to buck this trend, their plans can sometimes go awry. Applied Biosystems, a fast-growing US company specialising in instruments for the chemicals and medical industries, two years ago moved its European headquarters from West Germany to Warrington, near Manchester.

The attraction, according to Mr Derek Potter, European sales manager, was the promise of government grants together with a site close to the M6 *motorway* and *with easy access* to Manchester airport.

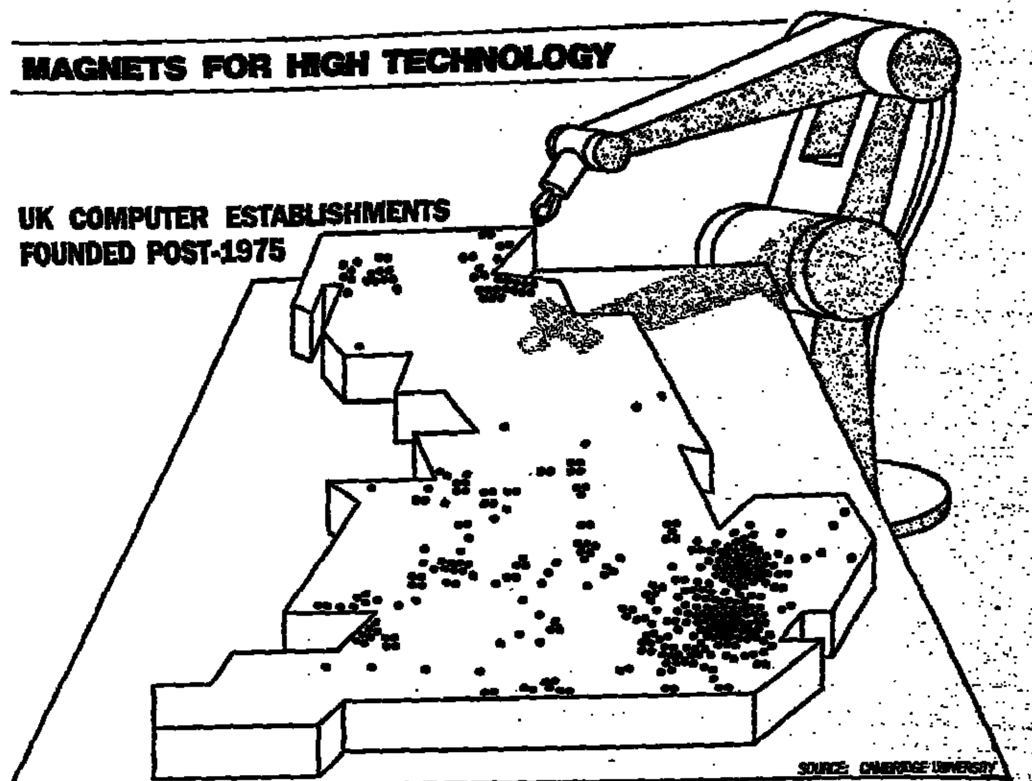
British-born Mr Potter now says: "We were conned." He says attracting high-quality staff to Warrington is difficult, most of his customers are several hours' drive away in southern England and Manchester airport has too few international flights.

Anyone hoping to see signs of industrial regeneration in Britain's northern regions will, most commentators agree, have to wait a long time. Dr Jeremy Howells of Newcastle University's Centre for Urban and Regional Development *Studies* says that more could be done to cement ties between existing industries in the North and sources of new skills in academic institutes.

Other observers point to the cyclical nature of industrial change. The West Country (apart from Cornwall) and East Anglia, which are thriving regions today, last had the role of boom areas 500 years ago, when they were at the centre of the wool industry. Before the industrial revolution of the 18th century, what are now the great northern cities were backwaters, as is apparent today by the absence in these places of medieval cathedral.

"In 30 or 40 years' time, the North could again be an important place to live," says Mr Roberts of GEC, more in hope than with any conviction. "Perhaps in the next wave of industry we will see technology-based companies setting up in Manchester Garden City."

*A further article about high-technology firms in rural areas will appear on the Small Business Page.*




JOBS: WINNERS...

| | EMPLOYMENT 1981 | CHANGE 1975-81 | PERCENT CHANGE 1975-81 |
|---|---|---|---|
| BERKSHIRE | 19,732 | 7,600 | 62.2 |
| HERTFORDSHIRE | 45,060 | 5,914 | 15.1 |
| CLWYD | 5,094 | 3,263 | 181.3 |
| HAMPSHIRE | 33,807 | 2,179 | 6.8 |
| SURREY | 18,191 | 1,811 | 11.1 |
| KENT | 14,650 | 1,679 | 12.9 |
| WEST SUSSEX | 14,694 | 1,669 | 12.8 |
| BEDFORDSHIRE | 7,264 | 1,653 | 29.5 |
| LOTHIANS | 9,042 | 1,461 | 19.3 |
| LANCASHIRE | 30,033 | 1,392 | 4.8 |

...AND LOSERS

| | EMPLOYMENT 1981 | CHANGE 1975-81 | PERCENT CHANGE 1975-81 |
|---|---|---|---|
| STRATHCLYDE | 23,575 | -3,847 | -14.0 |
| TYNE AND WEAR | 8,490 | -4,032 | -32.2 |
| ESSEX | 24,649 | -4,342 | -14.3 |
| NOTTINGHAMSHIRE | 15,880 | -5,123 | -24.4 |
| MERSEYSIDE | 14,417 | -6,435 | -30.8 |
| WEST MIDLANDS | 36,500 | -8,257 | -18.4 |
| GREATER LONDON | 91,448 | -17,012 | -15.7 |
| GREAT BRITAIN | 640,874 | -42,429 | -6.2 |

AGGREGATE HIGH TECHNOLOGY EMPLOYMENT 1981; CHANGE 1975-81. BY SELECTED COUNTIES, RANKED BY 1975-81 CHANGE.

SOURCE: READING UNIVERSITY.

# Men and Matters

## Double act at BTR

As the chief executive-elect of BTR, the *acquisitive conglomerate*, John Cahill is about to inherit one of the hottest spots in *British industry*.

*Cahill has been named in* succession to Sir Owen Green who will stay on as chairman and give strategic advice.

Green is a tough act to follow. Chief executive since 1967, he has built BTR from its modest *origins as the British* Tyre and Rubber company, into one of Britain's biggest and most ad*mired industrial* businesses.

But Cahill himself has a high City reputation as the architect of BTR's *successful expansion* in the US over the last 10 years.

Aged 56, he was educated at St Paul's School, *London, and* spent his early *working* years as a stockjobber. He joined BTR as a trainee sales representative in the industrial rubber products division.

His first exposure to North America came when he was sent out to set up a new operation in Canada—BTR's first significant overseas expansion after the war.

In 1976 he went to head BTR's fledgling American operations. *His* empire, which embraces both north and Latin America, now produces sales of over £1bn—about 25 per cent of the group's total—and last year made pre-tax profits of *£137m*.

Married, with three daughters, he lists his relaxations as reading—"Almost anything, I like a good yarn" —vegetable *gardening* and classical music.

How will he and Green fare with their double act? Very well, says Cahill. "I've worked for Owen for 24 years, so we know each other very well."

*Cahill will* take an operational responsibility, leaving Green to think his strategic thoughts. And, to underline *the division of roles*, Green will be moving his office across the road from BTR's austere *headquarters in London's Vincent Square*.

## Sid's portfolio

Convinced that its coming share flotation will be a sound investment, British Gas has directed its television advertising campaign to passing on the good news to an elusive "Sid."

They want him to be the latest recruit to Mrs Thatcher's share-owning democracy.

Sid has now broken cover and reveals he has been a punter all along.

*He has written* to the editor of the Financial Times as follows:—

"It has been brought to my attention that British Gas wish to sell me some shares. Having done my money on Enterpirse Oil and Britoil, and losing out on the TSB ballot, I can only accept the offer at £1.25 a share.

"If you see British Gas, tell them."

## Renault check

It has not taken long for Mark Snowdon to bounce back after being one of the Austin Rover senior executives who left the company when Graham Day, chairman and chief executive of the *Rover Group, formerly* BL, shook up management at the state-owned cars company in September.

Snowdon, 42, was Austin Rover's joint managing director —product development, and a close *associate* of Harold Musgrove, the company's chairman who left the business at the same time.

*Now Snowdon has* been hired by the US-controlled consultancy group Booz-Allen & *Hamilton to work from its* Paris office. Snowdon has the retiring manner of a backroom boy. *From grammar school in the* North East he did an engineering degree at London before *spending five years on product* planning and marketing with Ford.

After a Masters degree at the *London Business School, he* joined BL's corporate staff 13 years ago and become one of *Austin Rover's joint managing* directors in 1983.

He says it is "sheer hell" having to work in Paris rather than Coventry. More seriously, he points out that Booz-Allen does not hire people in a hurry, and says he made his first contacts with the consultancy group as long ago as January — long before Graham Day was appointed.

His old friends at Austin Rover have been greatly amused to hear about Snowdon's first assignment. He is one of the team from Booz-Allen which has been asked by *the French Government* to run the rule over its automotive group, Renault.

## Liberal look

If Westminster speculation turns out to be right and there is to be a general election within 12 months the Liberal Party has no time to lose.

While the Conservative and Labour parties compete for the high ground at around 40 per cent of the votes apiece, recent polls are crediting the Liberals and the Social Democratic Party with less than 20 per cent between them.

Enter Fitch and company, *design consultants*. The company's corporate identity division has been appointed this week to create a new identity for the Liberal Party in under six months.

Fitch is no slouch when it *comes to providing identities*. It has given them to such disparate clients as Mecca, Debenhams stores, Burton the tailors, and Terminal Four at Heathrow.

But isn't a political party a different proposition? Tom Caplin of Fitch doesn't think so.

*The Liberals, he points out*, exist in a bewildering number of local versions throughout Britain. Even their party colours vary between orange, yellow, and blue.

His brief is to fit them out *with a national colour*, and such presentational devices as a format, a symbol, and a style *all their own*.

*Anyone who has met three* Liberals gathered together— and has thus heard at least *four opinions*—will appreciate the magnitude of Caplin's task.

But general elections wait for no man. Fitch has been chosen by *Tim Clement-Jones*, a member of the Liberals' national executive, following *the complete failure* of an amateur competition among party members to conjure up a new party identity.

*Caplin says his firm* has no party loyalties, and will be charging the Liberals commercial fees.

## Bloom-er

Norman Coppock, manager of the Royal Bank of Scotland's branch in Cheapside, London, was flattered but baffled to be invited to the Guildhall to accept a prize in the London In Bloom competition.

The bank doesn't sport so much as a single window box.

By choosing the raised gardens outside the bank for a *prize* the City officials found they were awarding it to themselves.

**Observer**

West German unions and the SPD

# The scandal that blew the top off

By Peter Bruce in Bonn

EVEN IN the heat of battle some of West Germany's trade union leaders were uneasy earlier this year about their colleagues, comparing Chancellor Helmut Kohl's government with that of Adolf Hitler. That was during the unions' campaign to stop the Government introducing tighter strike laws.

They are even uneasier now, for it seems beyond doubt that they have walked arrogantly into a trap of their own making. This at time when 17 unions under the umbrella of their federation, the DGB, are committed as never before to helping the opposition Social Democrats (SPD) win a general election.

The trap was sprung in June when the Kohl Government set up a Parliamentary Commission into the long-running Neue Heimat affair. This is trade union legend so grubby and so incomplete that even the smallest additions to it would command the rapt attention of the electorate. It was back on the front pages this week with a vengeance as the unions' attempts to extricate themselves from the scandal collapsed.

Neue Heimat is Western Europe's biggest property company and it has been owned by the DGB since the 1950s as a form of charity—in return for generous tax breaks it is committed by law to plough all but 4 per cent of its annual profits back into the business.

At its peak in the late 1970s, Heimat owned 330,000 homes and controlled a further 240,000. It was a model of labour's great post-war experiment in combining the mechanisms of capitalism with the aims of socialism.

In early 1982, the news magazine Der Spiegel ran a cover story documenting fabulous abuse of Heimat and its charitable status by its managers. The DGB quickly fired the Heimat chairman, the late Albert Vietor, and most of his board. Later that year Mr Alois Pfeiffer, chairman-elect of the DGB, had to withdraw from public life too because of his involvement with Heimat.

In the name of the workers Heimat's chiefs had erected around it satellite companies; subsidiaries, not subject to the 4 per cent rule. With one of these, Neue Heimat Städtebau, the union's managers began to speculate in property at home and abroad in a way that had nothing to do with housing working German families.

They bought luxury hotels in Africa and Monaco, housing estates in Brazil, Mexico and Paris. They built congress centres in Berlin and Hamburg. They even owned the Hamburg television tower and a ski lift in South Tirol.

*There is a growing suspicion* that when these speculative ventures began to lose money the Heimat management began to bleed the mother company to make up the losses. That would not only have been illegal but a cynical slap in the face to ordinary union members.

There was other incriminating evidence. Vietor was found to own 24 homes in Hamburg and had a stake in 217 in Berlin. He and other managers had also invested in companies that sold heating to Heimat estates.

But it was in 1982 that the DGB made what, with hindsight, was a fundamental political error. Instead of thoroughly cleaning out management at Heimat and at the DGB's holding company, the BGAG, it rested after the initial resignations and tried to concentrate on reviving Neue Heimat—partly through selling off homes, though this was never really successful.

Heimat Städteban was wound up but the old Heimat managers had also bought a great deal of building land for which the market by the early 1980s was glutted. Heimat's liabilities amount to DM 17bn today

By the beginning of this year, all efforts to turn Heimat around had demonstrably failed and union funds were being threatened again. The BGAG-owned Bank für Gemeinwirtschaft (BfG) and Volksfürsorge insurance group were reportedly being constantly badgered for financial assistance. An independent former banker, Mr Manfred Meier-Preschany, was called in, *to the relief of Heimat's 160* creditor banks, to work out a rescue plan.

But the Government already had its knife out. Since the end of 1982 it has faced a barrage of abuse, ridicule and contempt from the unions. The "Nazi" jibes during the union campaign to stop new strike laws were the final straw.

Since the commission began work in July, the Christian Democrats, Mr Kohl's men on the committee have pressed their case hard. Allegations of even further corruption, including attempts since 1982 to delay liquidation of the group, have leaked regularly.

The unions panicked, or at least Mr Alfons Lappas, onetime aide to Mr Vietor and now BGAG chairman. did. Ignoring the work Mr Meier-Preschany was doing the BGAG announced on September 18 that it had sold Heimat to an unknown Berlin baker for a nominal DM 1.

The obvious motivation was to put distance between themselves and Heimat, but all the sale did was beg more urgent questions and turn the tenants in 190,000 homes against the unions and the SPD. Last weekend's catastrophic performance by the SPD in the Hamburg election—especially in working-class areas with Heimat homes—has underlined the political price the party is now paying.

On October 16 Mr Lappas was called before the committee and refused to testify. He was jailed for a few days, but any union sympathy that was aroused was completely neutralised by the widespread sense that Mr Lappas appeared to be hiding something.

There has since been a flood of stories in the German Press about Mr Lappas allegedly using Heimat funds to buy a home or build a garden. Senior union figures say he is now certain to lose his DM 735,000-a-year job.

The fact that he held it for so long has done no good to Mr Ernst Breit, chairman of the DGB, who has been questioned by the committee about whether he knew that funds from Heimat were being misused in the 1970s.

For the SPD, the political agony of Neue Heimat can only get worse. The committee will continue its work right up until the poll, and not even the BGAG's decision on Monday night — forced on it by the banks — to buy back Heimat and look for other ways of getting rid of it will save trade union political credibility in the medium term.

Beyond the election, when some unions are set on starting up a new shorter working week campaign, the Heimat stick will be there for them to be beaten with.

For the unions, whether or not as some of them argue they are shown to have been naive victims of clever business managers, the task now is to withdraw from Heimat as decently as possible. But getting rid of Heimat will take years.

If the scale of corruption in Neue Heimat was not bad enough politically for union leaders then, if they are to be judged innocent victims, the scale of their incompetence in not stopping it is probably more damning.

Even on Monday night Mr Breit seemed unable to grasp the complexity of the buy-back deal and kept journalists waiting two hours before cancelling a press conference. He has a few speaking engagements in the run-up to the election and Mr Kohl is probably looking forward to them. The SPD might prefer him to stay at home.


Cover story: "the shady deals of Vietor and comrades."

**● CHRONOLOGY**

**8.2.82** Der Spiegel publishes cover story alleging widespread corruption in Neue Heimat management.

**14.2.82** Supervisory board of Neue Heimat sacks chairman Albert Vietor and two other board members.

**2.7.82** DGB president elect Alois Pfeiffer resigns because of his links with Neue Heimat projects. Ernst Breit becomes DGB head.

**22.9.82** Supervisory board of Neue Heimat agrees to restructuring plan costing the DGB DM 400m.

**23.2.83** The Hamburg Senate begins an investigation into Neue Heimat (which has its headquarters there).

**28.2.83** Neue Heimat begins selling off property to fund its rescue.

**5.2.86** Federal and State Government, and the DGB leadership agree to have a report on past mistakes and on how best to rescue Neue Heimat drawn up by an independent Frankfurt consultant.

**26.4.86** The DGB and Neue Heimat withdraw their promise to cooperate in the report.

**5.6.86** The Bundestag sets up an investigatory committee.

**19.9.86** The DGB sells Neue Heimat for DM 1 to Berlin businessman.

**14.10.86** Alfons Lappas, chairman of DGB's holding company, the BGAG, refuses to testify to Bundestag committee, is arrested on October 19 and freed on October 21.

**10.11.86** The BGAG buys back Neue Heimat, having been forced to by the banks.

# Some lessons for a hung Parliament

By Steve Leach and John Stewart

AT PRESENT nearly half the population of England and Wales live in "hung" local authorities in which no party has an overall majority. There have always been a few "hung" authorities, but the major change took place in the county council elections in May 1985. Of the 46 shire counties, 25 became hung or (as the Alliance prefers to call them) balanced councils. There are about 40 other hung councils with the greatest growth in the shire districts. In the counties and in an increasing number of shire districts, the hung council has become the norm.

As the general election approaches and opinion polls suggest the possibility of a hung Parliament, speculation grows about the implications for national politics. Yet that speculation has concentrated on the formation of the Government and the right of the Prime Minister to seek a dissolution. There has been little consideration of what a hung Parliament would mean for the workings of Government itself. It is by no means certain that further general elections would resolve the issue. In the end national politicians might have to face up to the problem of making a hung Parliament or even hung parliaments work.

Local authorities have to make the hung council work. There is no way out through dissolution. The experience of the hung authorities and in particular of the hung counties is there to be studied.

Of course, lessons cannot be drawn simply from local government and applied automatically to central government. The two have very different roles and ways of working. There are, however, some ways in which the experience of hung local authorities may have relevance for a hung Parliament.

First in a hung authority no policy can be imposed by any one party acting on its own. This conclusion may seem so obvious as not to need stating. Yet to those used to majority rule it is not easily accepted—although in most hung local authorities it has been in the end. The lesson for national politics must be that stances and attitudes adopted now, while a hung Parliament is regarded as an aberration, will soon change if such a parliament became a reality.

Second, there is the recognition *of the crucial role which* the Alliance is likely to play—it is in a strategic central position. In some authorities the Alliance has switched support from one party to another in a way not open to other parties. It wants the hung council to operate successfully and in the end must show that a hung council can work. The Alliance has a strong hand to play in a hung Parliament so long as it does not over-play it.

The other aspects of the issue have been neglected in debate however: the significance of the brokerage role in a hung Parliament and the impact on the relationship between MPs and civil servants.

One of the most important developments in the hung counties has been the emergence *of the brokerage role.* In a hung council there can be no certainty that any decision will carry because it has the support of any one party. Majorities have to be won, not merely assumed.

Negotiation, discussion and compromise are inevitable in the hung authorities. Brokerage skills become important. The role suits certain political leaders, but not others. The *chief executive, in particular,* if trusted by the parties, can play an important role. He or she can make contact with all three parties where direct contact is difficult; he can invite all the leaders to meetings, either on a regular basis or to deal with special problems.

The lesson for a hung Parliament must be that the leadership required may be very different from that required for the situation of majority control. The leader who was unable to change style would soon be in difficulties.

Perhaps the most fundamental challenge to established practice in a hung parliament could come in the form of a re-assessment of the rights of access of MPs to civil service advice. The role of civil servants in relation to MPs, confirmed in the Armstrong memorandum of February 1985, emphasises their exclusive responsibility to the "government of the day"—i.e. the ministers who comprise it. It could survive a Lib-Lab pact of the kind that operated in 1977-1978, where civil servants serviced and attended the formal liaison committee and the regular meetings between Labour ministers and Liberal spokesmen, but did not have any separate relationship with Liberal MPs. It is much more doubtful whether it could survive if there was a minority government, established immediately after a general election and where the Government had to rely on the broad support of another party with a sizeable group of MPs.

Let us suppose further that there was little prospect of a reversion to majority rule through a further election and that the sizeable "supporting" party was the Alliance. The in*novations in hung local authori*ties, where the Alliance holds the balance of power—such as separate confidential officer briefings for all parties—are well-known. There must be a strong possibility of an Alliance group in Parliament demanding similar arrange*ments* as part of an agreement involving some form of qualified support for the minority government.

As Mr Robin Wendt, Cheshire's chief executive, pointed out at a recent conference in Durham, such arrangements could include rights of access for the "supporting" party to the formal documents of cabinet, and to departmental papers, rights of attend*ance by party spokesmen* at formal decision-making meetings at which civil service advice is given, and the right of supporting party spokesman to receive separate advice from civil servants on issues which are before the Government for decision.

The implication of such changes for the Armstrong memorandum and the customary conventions of Whitehall would be considerable. The exclusiveness of the relationship between minister and civil servants would be altered. The *whole culture of the Civil* Service would have to undergo a major change. Local authorities have had to learn quickly how to accommodate such changes. Is there any deliberation going on about such matters in Whitehall?

*The authors are on the staff of the Institute of Local Government Studies at the University of Birmingham.*

# Letters to the Editor

## Efficient markets

*From Mr N. Hawker*

Sir,—Does not Mr Damant of Quilter Goodison (November 5) *contradict himself* when, in the one paragraph, he extols the relative efficiency of the London financial markets, and in the following, suggests that "the decline of the British economy is due to a failure to give sufficient priority to the ... efficient use of capital" — a priority which, presumably, an efficient capital market exists to enhance?

During the seventeen years I've worked *outside* Britain and watched its relative decline, it has been a question that puzzled me. France, Italy, Germany—their stock markets have traditionally been an insignificant part of their economic industrial picture. And yet their economic growth has surpassed Britain's. Yet again, London's highly developed financial markets have imposed their rules on successive governments so that British government borrowing is lower than in France and Italy. Yet . . . .

*One of two* things, Mr Damant. Either there is no demonstrable correlation between efficient stock markets and relative economic success. Indeed it might be easier to show the contrary and explain it by the fact that an excessive concentration on numbers leads to a neglect of the *real world.* Mr Tessler's letter, printed next to yours, about the inadequacy of British production *management* may be relevant. Perhaps if the British shifted the focus of their attentions from paper to product, Britain's decline would be reversed.

Alternatively the capital markets are not efficient. My indirect impressions, garnered from seven years experience as a financial controller, in industry, for a US publicly quoted company, would suggest that indeed they are not. Whether *the inefficiency* of the stock market's functioning alleviates or increases the possible economic damage done by the very fact *of its* exaggerated importance in British economic life is a question I'll leave to better brains.

Nigel Hawker,
*L'Oustalet,*
*Avenue Coquette,*
*06100 Nice, France.*

## Scotch in small bottles

*From Mr J. Wormstone*

Sir,—Edmund Penning-Rowsell referred (October 30) to the proposed adoption of 70cl as the mandatory bottle size for Scotch whisky within the European Community from January 1 1989. He was mistaken both in saying that this was "to bring them into line with French brandies" and in implying *that* it was due to a lack of clout by the Scotch whisky industry.

It has *nothing* to do with clout and everything to do with market forces. Scotch whisky already sells in 70cl bottles in many EEC markets and has done so for some time, while a survey last year showed that 75 per cent of spirits in the Community used the 70cl bottles.

It was for these reasons that the Scotch Whisky Association *supported 70cl as a prescribed* mandatory bottle size for spirits.

Jeffrey Wormstone.
Scotch Whisky Association,
*17, Half Moon Street W1.*

## Continuing high unemployment

*From Mr P. Stoney.*

Sir,—Michael Prowse (November 7) misses the point. Taxing wage increases above a certain level on a blanket basis would *simply* be transferring the responsibility to behave responsibly *from those* responsible for creating excess wages to those responsible for funding social needs from taxes. Until the buck *stops* where it belongs, with the wage earners, we will continue to have high unemployment.

Peter J. M. Stoney,
*University of Liverpool,*
*Eleanor Rathbone Building,*
*Myrtle Street,*
*Liverpool.*

## Training for management

*From Mr K. Starling*

Sir,—The article "Formal and informal routes to the boardroom" (November 5), seemed to be *a clear indication* of how we have got it wrong in the UK when it comes to preparing people for top management positions.

Whether MBA, short course or distance learning package, the process is one of add-on and after*thought.* Rather like building a new house and quickly discovering that you are one bedroom short and the kitchen *is* not nearly big enough.

What the UK needs is a commitment to taking the brightest and best *students* post "A" level and laying the foundations at this stage for the route to top management. Only *when we can* get away from the idea that "any background will do" and "good managers will emerge naturally," will we stand a *real chance* of producing a sufficient number of top quality managers in the UK. Those who are held up as shining examples currently, are often where they are despite the present system, not because of it.

Kenneth Starling,
*West Challow,*
*Wantage,*
*Oxfordshire.*

## A *tax on* jobs

*From Mr R. Jenkins*

Sir, — Apart from the question of high wage settlements, the Martian economist to whom Michael Prowse refers (November 7) might also find it strange that we seem to approach the problem of unemployment by imposing a tax on jobs in the form of employers' National *Insurance Contribution.* I believe that it would be possible to tackle both issues at the same time by restructuring NIC, while being neutral in revenue terms.

NIC is effectively a payroll tax, levied at a rate which varies with an employer's pay structure, but which will typically average about 10 per cent on the tax base of the employer's wage bill.

*Consider the effect* if the rate of payroll tax is increased to 100 per cent, but employers are granted an exemption of twice the pay of each worker up to a maximum exemption of 90 per cent of the average pay for that firm.

Under the present rules, a business with 1,000 workers with average pay of £10,000 pa has a total wage bill of £10m and payroll tax/NIC of £1m. Its tax under this new scheme would be computed as follows:

| | £m |
|---|---|
| Wage bill ........................ | 10 |
| *Less:* Exemptions | |
| 1,000 × £9,000 ......... | (9) |
| Tax base ......................... | 1 |
| Tax at 100 per cent ...... | 1 |

So the revenue raised is unchanged, but if the employer awards a 10 per cent pay increase and exemptions are unchanged, then his wage bill will rise £11m, his tax base to £2m, and the increase will have attracted a *tax of 100* per cent as suggested by Professor Layard.

It is the impact of the proposed payroll tax on labour costs at the margin which is most dramatic. The total employment cost of a worker earning £10,000 pa is £11,000 under present and proposed systems. But under the proposed system, because payroll tax exemption can be greater than an employee's pay (twice to a maximum of 90 per cent of firm's average—£9,000 in the example), the net costs to the employer will be dramatically shifted:

| Annual Wage | Total Incremental Employment Cost |
|---|---|
| £4,500 or less | Nil |
| £6,000 | £3,000 |
| £7,500 | £6,000 |
| £9,000 | £9,000 |
| £10,000 | £11,000 |

This works because taking on a worker at, say, £7,500 will actually reduce a firm's payroll tax by £1,500 (the £7,500 pay less the £9,000 exemption).

It seems likely that if the structure of marginal labour costs were adjusted to this extent, there would be a significant favourable effect on the unemployment position.

Richard Jenkins.
*3 Oaks Park,*
*Rough Common,*
*Canterbury, Kent.*

## Conveyancers of repute

*From the Executive Secretary,*
*National Institute of*
*Conveyancing Agents*

Sir,—With a little more research, Jill Barton ("Legal aspects of home sales"—November 8) would have learned that "the extra risks involved" in using the services of a non-solicitor conveyancer rather than those of a solicitor do not exist if one of the many conveyancers of repute and long standing is chosen. And that—despite the price cutting efforts of solicitors in recent times — steadily increasing numbers of members of the *public are choosing* in that way.

Conveyancers in membership of this Institute all carry suitable professional indemnity insurance cover, as solicitors do, and maintain separate "clients' accounts." Every member will readily give a detailed advance indication of costs—and will stick to it. A non-solicitor conveyancer is not necessarily cheaper than a solicitor (solicitors can spread their overheads generally: conveyancing specialists can't), but is pretty certain to provide better and more *personal* service. This must be so; a conveyancer has to depend on recommendations from satis*fied clients.*

When the system of licensed conveyancers comes into being in 1988, the statuory con*straints on which solicitors* have for too long founded their claim to monopolise conveyancing will *disappear* and *equality in competiton will* at last be established. The public's decision on how far to prefer specialist full-time conveyancers to *generalist* solicitors who are part-time conveyancers will determine the value of the system.

Ivor Hussey,
*41A Prospect Hill,*
*Swindon, Glos.*

FINANCIAL TIMES

Wednesday November 12 1986



# Swedes dig deep to replace N-power

**Sara Webb on a controversial attempt to extract gas from beneath a sleepy village in central Sweden**

THE HANDFUL of sexagenarians who make up the population of Gravberg could be excused for thinking they have tinnitus. However, the round-the-clock humming in their ears comes from a 56-metre-high drilling rig just down the road from this sleepy village in central Sweden.

Protruding above the fir trees, the rig has been in place since the summer, drilling for natural gas a few kilometres below the ground.

Vattenfall, the Swedish state power board, hopes the drilling will lead to the discovery of as much as 800bn cubic metres of gas, and so provide the answer to most of Sweden's energy needs for the next few decades. It is an exciting prospect at a time when the country still has to decide how it will cope after the planned closure of its 12 nuclear reactors.

It is not the first time explorers have come looking for energy reserves in the central province of Dalarna. Back in 1732, one Olof Larsson noticed "flying fires" in Osmondsberg, according to local parish records. The fires were due to streams of gas passing over the chimney tops where they were ignited by hot sparks.

When the gas streams were traced to their souce, they led to deposits of pitch – but only enough to grease the axles of the villagers' wagon wheels.

Oil exploration started in the area in the 19th century, but it proved to be a fruitless search, prolonged by cunning labourers who – according to local legends – were not averse to topping up the drill holes with their own oil to keep their employers interested in the project.

The latest bout of exploration has a more scientific grounding, although there are some sceptics who consider the hunt for gas somewhat futile and its devotees akin to flat Earth fanatics, chiefly because the geological conditions in this part of Sweden are not those usually associated with the presence of gas.

This has not prevented Vattenfall and an assortment of private companies and local authorities from sinking SKr 150m ($21.5m) in the project in the form of units in Dala Djupgas Provborrningar (DDP), a limited partnership. Vattenfall is the project leader with 35 per cent of the units.

Geologists believe a 2 km wide meteorite crashed into central Dalarna about 360m years ago, leaving behind a crater 30 km across. Today the rim of the crater is easily visible and the depression is marked by a chain of lakes, the Siljan ring.

According to Professor Thomas Gold of Cornell University, the Siljan Ring could be the site of natural gas. He believes that gas may come from a source deep inside the Earth, not just from the decomposition under pressure of plants and animals.

His "deep gas theory" suggests that methane has been formed and released in the inner region of the Earth, subsequently migrating to the crust and seeping through cracks such as those formed when a meteorite hits the Earth.

In 1982 Vattenfall looked into the possibility of testing the deep gas theory in Dalarna. Numerous preliminary tests on the rocks and water were carried out and the site near Gravberg selected.

The scientists now think there must be a source of gas deep down where the meteorite cracked the Earth's crust and caused an upsurge of gas, with a reservoir above containing large quantities of gas which can seep upwards through the cracked rocks, and a sort of cap just below ground level which prevents it escaping into the open air.

What is missing from the scenario is sedimentary rock. "We have every single positive indication except for sedimentary rocks. The only negative aspect is that the structure lies in an area where conventional wisdom dictates hydrocarbons cannot be found," says Mr Robert Heffner, head of GHK an Oklahoma City company which specialises in natural gas exploration and production. Vattenfall has already conducted preliminary tests in the region, taking rock and water samples, drilling boreholes, analysing satellite pictures, and carrying out deep seismic probes. So far, traces of methane, ethane, butane and other hydrocarbons have been found, although in nothing like commercial quantities.

According to Mr Tord Lindbo, Vattenfall's project leader for the deep gas project, any gas found would be used mostly for industry in the production of heat and power, and for district heating system. It would replace most of Sweden's imported oil and gas, and possibly nuclear power as well.

"In the long run we won't need to import gas, and a large part of fuel for transport could also come from this gas," Mr Lindbo says.

A mere 1 per cent of the country's current energy needs are met by natural gas from the North Sea through the pipeline network set up in southern and south-west Sweden.

The network could be expanded in future, but for the time being it is encountering difficulties because the Danish gas suppliers refuse to lower gas prices in line with the fall in oil prices.

The original plan to drill to a depth of 5km has been changed and the drilling will now continue to a depth of 7.5km, possibly by February, when the funding is due to run out.

About SKr 30m went on the preliminary costs and another SKr 50m has been spent on drilling so far. What will happen in February if no gas has been found is not clear. Anathema, a private company which controls 10 per cent of the units in DDP, says it wants to buy out the other main participants and continue drilling in the area afterwards.

"We need to drill more holes," said Mr Nils-Erik Sandberg, Anathema's managing director. "Two bore holes is the minimum. That would cost about SKr 120m, which is what the lunch coupons on North Sea oilrigs cost these days."

Shares in Anathema were sold to private investors at SKr 10,000 last November, peaking at SKr 90,000 once drilling had started in the summer, and reacting sharply to reports of the faintest whiff of gas.

Drilling has already encountered problems: at a depth of 4km, the rock is tending to cave in and has to be cemented so the walls of the hole stay firm. But if nothing else, the project has at least put Gravberg on the map. Tourism escalated during the summer months, with people turning up in the middle of the night to see the drilling rig.

# Philippines asks banks for standby borrowing

By Peter Montagnon, Euromarkets Correspondent, in London

THE PHILIPPINES asked its commercial bank creditors for a contingency standby loan at the abortive rescheduling talks which broke down in New York at the end of last week, senior bankers close to the discussions said.

The request was modelled on the recent debt agreement for Mexico which calls on banks to put up extra money to the tune of $500m if that country fails to meet economic growth targets.

It shows how quickly the structure of the Mexican scheme as well as its pricing is being adopted as a benchmark by other developing countries.

Though the main bone of contention in last week's talks was pricing – bank creditors offered the Philippines an interest margin over Eurocurrency deposit rates of1⅛ per cent of its proposed $8.6bn rescheduling agreement compared with the Mexican margin of $^{13}/_{16}$ per cent – there is strong resistance in the banking community to the idea of standardising the concessions won by Mexico.

Leading creditor banks agreed to the Mexican proposals only after fierce pressure from the US Government and Federal Reserve Board. They were particularly reluctant to endorse the contingency loan request as they felt it gave Mexico carte blanche to demand more money from them even if its economic policy was misguided.

With the Mexican loan package still not fully subscribed by its creditors world-wide, there was general reluctance among bankers on the Philippines rescheduling committee to commit themselves to a similar scheme for the government of President Corazon Aquino, even though it is not seeking an immediate fresh cash loan.

Opinions varied within the committee as to how far its first offer to the Philippines should be modified. The failure to agree a revised offer followed a particularly hard-line stance taken by Bank of Montreal and Citibank which were worried about the impact of concessions to the Philippines on forthcoming talks with Argentina, Brazil and Venezuela.

Bankers said the Philippines loan negotiations are likely to resume before the end of the year.

# CBI plans to bring together industry and financial groups

BY HAZEL DUFFY IN LONDON

A CAMPAIGN to bring about greater understanding between the UK financial institutions and industry is to be launched by the Confederation of British Industry – the employers' organisation – after a debate at its annual conference yesterday which revealed deep divisions between industrialists and City of London representatives.

Sir Terence Beckett, the CBI director general, admitted after the debate that there were "undoubted tensions" between the institutions and industry which he attributed partly to "things speeding up very rapidly in the City, the Big Bang, and mergers."

He promised a plan of action which would bring together the banks, financial institutions and industrialists.

Earlier, delegates had split the conference in their voting on a resolution calling on government and financial institutions to recognise that the performance of industry needed to be judged over the long-term rather than the short-term view being forced on managers.

Another resolution, chosen by a ballot of delegates but not discussed because of shortage of time, called on the conference to "deplore the greed of the City and the lack of understanding displayed by those involved in providing capital to industry."

The debate and vote displayed a divergence of opinion unusual for CBI conferences. It pointed to growing unease among manufacturers over the importance of the financial sector in the economy and to the more diverse membership of the CBI in which the banks and institutions are exercising their influence

Mr David Walker, executive director of the Bank of England, speaking to the conference before the controversial debate, had tried to explain the City's point of view.

He agreed that the recent developments in the city had as much to do with ensuring that UK financial institutions and markets were competitive on a global scale as with the immediate needs of British industry.

"But we cannot afford to take a little Englander view of all this, and British industry would certainly not be better served by a weaker securities industry."

He said that company boards had a responsibility to disclose more information to their shareholders if a relationship of trust and understanding was to be built up, and that they should not reproach fund managers for failing to focus adequately on the long term if they were not themselves prepared to exert an influence on overall risk strategy.

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# Reed may sell paper sack unit

BY TONY JACKSON IN LONDON

REED INTERNATIONAL, the British-based diversified paper group, said yesterday it was in talks to sell its Medway paper sack division for an estimated £15m ($21.5m) to the Swedish paper group Norrlands Skogsagares Cellulosa.

Medway mainly makes paper sacks for such products as cement and fertiliser. It was in a market declining in volume and profitability, Reed said, but a sale would not affect Reed's commitment to other parts of the packaging market.

Mr Peter Davis, group managing director, said "the attraction to Norrlands is that they make the kraft paper for these sacks. We are basically converters, using kraft imported from Canada." Medway is estimated to make profits of about £2m a year, on stated sales in the year to March 1986 of £42m.

Mr Davis said "there are no other declining bits in our packaging portfolio. We are market leaders in corrugated cases and in cartons, where the market is steady, and we are looking for growth in plastic packaging."

Reed has been investing large amounts in plastic packaging lately. It paid £11.2m in April for Smiths Containers, a maker of plastic bottles, and is building a multi-million pound factory at Corby, Northants in central England to make packaging for the food and drinks industries.

Norrlands, which manufactures in Sweden and West Germany, has annual sales of about £300m and 3,000 employees. It is 70 per cent state-owned, with the remainder held by private forestry owners.

Medway, which takes up part of a large Reed site at Aylesford in Kent in Britain, employs 800. Besides paper sacks, the division makes sack filling machinery, and also lightweight plastic bags.

Reed International shares closed on the London stock exchange yesterday at 290p, up 13p.

# Leading steel makers plan cuts

Continued from Page 1

gime – or something like it – remains until 1990.

The association is also proposing that steel companies making closures should be able to sell unused quotas to other producers for the equivalent of Ecu 300 ($425) per tonne. That price would apply only to a quota lasting the full period covered by the Eurofer plan and would diminish proportionately as time passed.

The plan is believed to have been delivered to Mr. Karl-Heinz Narjes, the European Commissioner responsible for the steel industry, on Monday and is expected to be worked on again in more detail by Eurofer members at a meeting on November 21.

● The European Commission yesterday imposed fines totalling almost Ecu 6.6m ($6.5m) on two steel producers which had exceeded EEC production quotas.

By far the largest penalty was imposed on Badische Stahlwerke, a West German producer, which was charged just over Ecu 6.5m for exceeding production and delivery quotas for wire rod and reinforcing bars in 1983 and 1984. British Steel Corporation, meanwhile, received an Ecu 34,100 fine for breaking its permitted production level for galvanised sheet in 1984.

# Morgan warned on Collier dealings

By David Lascelles, Banking Correspondent, in London

SCRIMGEOUR Vickers, the London stockbroking firm owned by Citicorp of the US, said yesterday that it had alerted Morgan Grenfell to evidence of questionable dealing by Mr Geoffrey Collier, who resigned from the merchant banking group on Monday after admitting a breach of company rules on personal share dealing.

Mr Collier worked for Vickers before he was hired by Morgan Grenfell 18 months ago to become joint director of their securities subsidiary and help build up their new equities business for Britain's Big Bang, financial deregulation.

In a statement, Scrimgeour Vickers said: "Certain dealings on behalf of a company were brought to the attention of the management of this group. In view of the nature of these dealings, they were referred to Morgan Grenfell..."

The information was conveyed to Morgan last Thursday. Mr Collier was suspended on Friday while investigations proceeded, and he left the company on Monday after being confronted with the evidence.

It is understood that Mr Collier dealt through a company which he had set up while at Vickers, and which he still owned. Vickers were aware of his connection with the company even though it had apparently been dormant for some time.

Mr Collier is said to have put only one major transaction through Vickers using the company as the investment vehicle. The sum involved was described as large for an individual but not enormous. It is not known what shares Mr Collier was buying or selling.

Morgan said yesterday that it had fully investigated the affair and was satisfied that this was an isolated instance. The group's house rules lay down a penalty of summary dismissal for employees who conduct personal share dealing with an outside stockbroker without permission.

The Stock Exchange's Professional Standards Panel yesterday considered the evidence submitted to it by Morgan Grenfell in the first step towards possible disciplinary proceedings. If these are instituted Mr Collier faces censure, suspension or possible expulsion from the exchange.

## World Weather

# Syria pledges help for hostages

Continued from Page 1

make what contacts it considers to be appropriate."

Greece, the only EEC member not to sign the agreement, explained yesterday that it had not wished to condemn any country for terrorism. Mr Antonis Kourtis, the government spokesman, said Greece respected the findings of a British court, but could not accept allegations of Syrian involvement.

Nezar Hindawi, a Jordanian, was sentenced to 45 years in jail for his part in the plot to blow up the Israeli airliner which, the prosecution said, had been masterminded by Syria.

"We respect the court ruling, but we cannot accept it is an international ruling," said Mr Kourtis.

It was disclosed after the hostages' release that the two men had known for several days that they were to be freed. Mr Sontag had seen five other hostages, but had not been allowed to speak to them.

However, he had been slipped a piece of paper by one of the men which read: "I am Irish. Please tell my family." The only Irish hostage in London is Mr Brian Keenan from Belfast who was seized on April 11. He was kidnapped at Beirut University where he taught English. No group has claimed responsibility for his kidnapping.

M Coudari said he had known for two weeks that he would be freed. He said he was optimistic over the fate of France's remaining hostages held by extremists in Lebanon.

"I can tell you that there are things that are going to happen soon," he told reporters without giving details.

The release of the two men brings to four the number of French hostages freed since Chirac's government came to power in March pledging to improve ties with Iran and Syria as a way to free the kidnap victims.

The Revolutionary Justice Organisation, which is known only for taking western hostages, released two members of a French television crew in June, M Philippe Rochot and M Georges Hansen.

# THE LEX COLUMN

# Unilever cleans up

There are some good looking company results which become increasingly less attractive the further the eye wanders down the page. Unilever's third-quarter figures are that less common event, good results which get better as the bottom line approaches.

Turnover down, operating profits up 20 per cent, pre-tax profits up 23 per cent and attributable profits up 38 per cent makes a very pleasing glissando. It caught the UK investment community slightly on the hop, with Unilever plc shares jumping 30p to a new high of £20.30. The Unilever NV shares actually eased slightly, showing that the US investors are more up with the game.

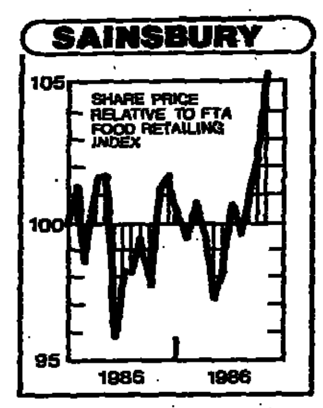
This is not too surprising since the company's breakthroughs are coming in the US. A £14m rise in North American operating profits is not the real point, which is that the recently launched household products in the US are generating enough cash to pay for the next wave of Lever Brothers launches, in personal products.

Cash generation has been truly formidable, and the £110m acquisition of the Naarden flavourings company looks more than ever a petty cash item. Interest and investment items have turned positive, to the tune of £2m in the third quarter.

So far no one can recall the last time Unilever held net cash. But the ungeared Unilever will doubtless excite the arbitrageurs to bid up the price of – and this time possibly deliver – some of the obvious US targets.

Unilever should sail through £1.1bn pre-tax for the year, putting the plc shares on a multiple of only 12. Even after a 50 per cent outperformance against the All-Share over the past year, those shares dc not look expensive at all.

## Sainsbury




Good quality earnings cost less at Sainsbury – at least less than they used to. The market has reduced the historic p/e premium to the food retailing sector it is prepared to award Sainsbury from nearly 40 per cent in 1982 to around 15 per cent now.

Yesterday's interims, showing profits up 34 per cent at £123.5m, only added 5p to the shares to 423p. That despite rapid upward revisions of earnings estimates for the year which should have been worth, applying the same multiple as on previous forecasts, 25p or 30p on the price.

Few doubt Sainsbury's ability to continue expanding sales volumes and increasing net margins, although somewhat slower than in the first half. Nor should shareholders be much concerned by the loss of Sunday business at Homebase, the lack of openings at SavaCentre, or the slow progress of Sainsbury's US associate Shaw's.

Perhaps investors are worried that Sainsbury's high level of capital spending will mean regular cash outflows and higher gearing. That does not hit profits immediately, as interest on property development is capitalised, but the strain has eventually to be taken somewhere. Or possibly it is just that there are more exciting shares in the sector.

## McCorquodale

Mr Robert Maxwell's fellow shareholders in McCorquodale have every reason for feeling grateful for his intervention, as indeed Mr Maxwell has now written to tell them.

If it had not been for Mr Maxwell's aggressive buying in the market, the management would probably not have been stimulated to mount a buyout above the first offer from Norton Opax, which could not have been increased and might well have failed. Thanks to Mr Maxwell, shareholders have been enjoying the luxury of choosing between no less than four means of exit from McCorquodale at a price of over 300p.

The concentration of shares in the hands of Norton Opax and Mr Maxwell himself appears to present real difficulties for the recommended offer from Datafin, alias Amplepoll, alias the McCorquodale management. Unless either Norton (in the shape of Samuel Montagu, its stakebuilding merchant bank) or Mr Maxwell were to accept, it seems impossible for the buyout company to achieve the 75 per cent acceptance needed for the implementation of a buyout scheme.

The problem is that as a mere majority shareholder, Datafin would be unable to realise the assets of McCorquodale or siphon off its free cash flow. With less than 75 per cent of the shares it would be forced to service its loan capital out of McCorquodale dividends; and even a 100 per cent distribution policy would fall some way short of achieving the aim.

Success for Datafin therefore relies implicitly on gaining enough acceptances to obtain a scheme of arrangement from the High Court that would enable it to restructure the company.

What Mr Maxwell may decide to do is therefore crucial to the Datafin proposal. If the Norton offer lapses at the end of next week, Mr Maxwell may well have a quarter of McCorquodale under his belt: he was buying on Monday at 311p and has said he proposes to buy more.

It may be difficult for Datafin (and even for McCorquodale's adviser Kleinwort Benson) to conceive that Mr Maxwell might then decline to accept 310p in cash; but the possibility certainly exists. Anyone who is in doubt as to the proper course of action would do well to wait for Mr Maxwell's next communication, due some time before next Friday.

## Britoil

Britoil's decision to pull out of the US so soon after it entered that most over-exploited of oil and gas areas has something of the pathos of a morality play. There was the fresh-faced young company, just let out to play by its parent, with £300m of pocket money, buying sweets off US natural resource companies which had fallen on evil times. But now Britoil, an unloved spotty adolescent, facing a cash outflow of at least £300m this year, could do with some money itself. Oil in the ground valuations in the US are now about half the $8 that Britoil paid each of its 20m barrels or so of US reserves, which suggests that the company will get back no more than half of the $160m it spent. Yet had the assets been retained a year-end book write-down of a similar amount might have been necessary to satisfy the auditors. This way Britoil gets some real money.

# JOBS

# How City banks' top-paid posts have changed

BY MICHAEL DIXON

ASKED to name the recent event which most deserves to be forgotten, many readers might well choose the so-called big bang in the City of London finance sector. While inclined to the same view, myself, however, I have been unable to resist the temptation to produce the table alongside.

It is drawn from the surveys of pay in London banking which for a long time have been regularly sent to the Jobs column by the Jonathan Wren recruitment consultancy. The latest study was made just before the outrageously hyped City event took place last month. The earliest survey I have on file just happens to have been made at around the same time of 1978. That coincidence seemed to call for comparisons.

Hence today's listing of the London banking sector's 20 best salaried jobs below the level of main-board director in each of the two autumns eight years apart.

The jobs are ranked according to the average of the salaries people in the type of work concerned said they were being paid when they applied through the consultancy for a new post. If no candidates in a particular job category turned up during the survey period, the job was not included—which explains why general managers and assistant general managers are missing from the 1978 list.

| "Top 20" jobs just before the big bang | Average of salaries stated by applicants autumn 1986 £ | "Top 20" jobs eight years ago | Average of salaries stated by applicants autumn 1978 £ |
|---|---|---|---|
| Corporate finance, senior executive | 80,964 | Foreign exchange/money manager | 15,620 |
| Bond issue/origination manager | 74,108 | Lending manager | 14,806 |
| Project finance manager | 69,324 | Financial controller | 14,533 |
| Market maker, UK and international equities | 67,880 | Corporate finance, senior executive | 14,132 |
| Market maker, gilt-edged securities | 64,976 | Operations manager | 12,942 |
| Bonds, senior marketing executive | 63,996 | Bond dealer | 12,295 |
| Corporate finance specialist | 61,226 | Bonds, marketing executive | 12,125 |
| General manager | 57,500 | Investment fund manager | 12,077 |
| Senior manager of leasing, big ticket | 56,660 | Company secretary | 12,020 |
| Bonds, marketing-strategy developer | 52,185 | Foreign exchange, chief dealer | 11,899 |
| Bonds, new business developer | 51,024 | Chief auditor | 11,600 |
| Bonds, syndications manager | 46,244 | Personnel manager | 11,045 |
| Foreign exchange/money manager | 44,028 | Chief accountant | 10,869 |
| Assistant general manager | 43,450 | Senior foreign exchange dealer | 10,776 |
| Branch manager | 40,030 | Trust manager | 10,209 |
| Bond dealer | 39,894 | Data-processing manager | 10,080 |
| Foreign exchange, chief dealer | 39,750 | Bond administration manager | 9,944 |
| Bonds, syndications/swaps specialist | 39,214 | Senior lending officer | 9,710 |
| Financial controller | 39,014 | Branch manager | 9,708 |
| Leasing marketing executive, big ticket | 38,243 | Senior sterling dealer | 9,608 |

The latest survey of course contains far more information than I have given. Anyone wishing to know more should contact Mark Forrester at the Wren consultancy which, by the way, has just become part of the Swiss group Adia, owner of some 90 companies mainly in employment services throughout the world including the Alfred Marks Bureau. Wren's address is 1 New Street, London EC2M 4PT; telephone 01-623 1266.

As the table shows, every job in this autumn's top 20 had an average salary of at least four, and in several cases five, times the average for the job in the corresponding place in the ranking for 1978. No less striking, however, is the change over the period in the kinds of work in most valued vogue.

Lending managers, who were second in the league eight years ago, have disappeared from the table, although only just. They now come in 21st place with an average salary of £36,491. Data-processing managers, now averaging £28,968, are also down by 19 notches to 35th.

In terms of number of places fallen, chief auditors have done less badly with a drop of 14 to 25th place at £35,849. But several other types of staff have plummeted by 20 notches or more.

Company secretaries are down from ninth to 31st at £30,100, chief accountants from 13th to 39th at £28,520, and operations managers from fifth to 38th at £28,531. The worst fall of the lot has been suffered by personnel managers. Ranked 12th in 1978, they now languish in 58th place with an average of £22,810.

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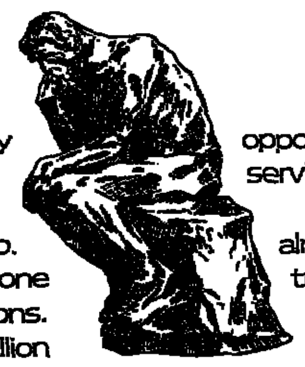

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Work with us and you'll work at home and abroad on several different projects a year – mostly at companies boasting billion pound turnovers. You can expect to gain in-depth knowledge of foreign and domestic treasury procedures and financing techniques which will give you the competitive edge when it comes to career progression.

Naturally, the demands on your ability will be considerable. Especially adept at imposing creative and practical solutions on complex strategic problems, your self-belief and ambition will therefore be crucial to your success.

If you are aged 26-36 with a degree or an MBA and have spent at least the last two years in the treasury field, we'd like to talk to you.

And, if you are interested in joining a company where people find success, please send your résumé, including a daytime telephone number, quoting ref. F 01/35, to Bob Lockwood, Coopers & Lybrand Associates, Plumtree Court, London EC4A 4HT.

**Coopers & Lybrand**

# STOCKBROKING
## Private Clients

To meet the demands of an expanding clientele a leading Member firm wishes to recruit an experienced Executive to complement an existing team handling traditional Private Client business. Self-motivation and experience in the Private Clients' Department of a Stockbroking firm essential.

Please write Box No. A0322,
Financial Times
10 Cannon Street, London EC4P 4BY

## Assistant to the Company Secretary

Morgan Grenfell, the London based International Merchant Banking Group, is one of the City's leading financial institutions and currently employs over 2,000 people.

We seek to recruit a professionally qualified company secretary with a strong listed company, background preferably in the financial services sector; candidates aged under 30 are unlikely to have the depth of experience we require.

As a key member of the team working with the Company Secretary of the Bank, you will have responsibility for compliance with a wide range of statutory as well as Stock Exchange requirements. You will be appointed Company Secretary to a number of the Group's subsidiaries, with a particular emphasis on those providing specialist banking products.

The growth and diversity of the Group's activities will provide excellent career development opportunities for the right person.

The attractive remuneration package offered will include a preferential mortgage facility.

Please write giving full details of career to date to:-
Sharon Harris
Morgan Grenfell Group plc
23 Great Winchester Street
London EC2P 2AX

MORGAN GRENFELL

## SURVEYOR ACCOUNTANT

(24-30)

Required by Investment Holding Company, with varied investment, property and trading interests, to assist with further expansion. Will suit someone with flair and initiative seeking a business career. Excellent remuneration package. Based Central London

*Write Box A0328*
*Financial Times, 10 Cannon St*
*London EC4P 4BY*

## MANAGING DIRECTOR WITH EQUITY PARTICIPATION

Young progressive concern engaged in the design, development and manufacture of systems based structures is looking for an experienced self motivated Managing Director (age not more than 45) to manage the company's total operation.

This is a unique opportunity to participate in a growing organisation. If you have the relevant experience in this industry and are prepared to work with a young management team, please apply in writing giving full details of your achievements to date to:

*Box A0319, Financial Times*
*10 Cannon St, London EC4P 4BY*

## International Equities Settlements

SBCI is the London-based investment banking arm of the Swiss Bank Corporation – the second largest bank in Switzerland and a major force in international banking. It has enjoyed exceptional growth since its foundation in 1980 and its operations now extend to New York, Tokyo and other financial centres. Backed by the financial muscle of SBC we are building on our success in the Eurobond market to become a leader in the global securities markets of the future.

The continuing expansion of our operations has created the opportunity for a number of highly motivated individuals to join our Equities Settlements team. Specifically we have opportunities for:-

**An Assistant Manager:** candidates should have a minimum of four years' experience in capital markets settlements, preferably in a banking environment. They should also have highly-developed people management skills.

**Settlements Professionals:** candidates with the ambition and expertise to contribute to the growth of the settlements organisation.

In return for energy, flair and consistently high performance we offer the men or women appointed significant and increasing responsibility. Remuneration is negotiable and will reflect the importance we attach to these positions.

Please write in confidence to Sandy Campbell, Manager, SBCI, Three Keys House, 130 Wood Street, London EC2V 6AQ (telephone 01-600 0844).

**Swiss Bank Corporation International Limited**

## Previous banking experience?

# Grow with an Expanding Enterprise

*My client is the London branch of a major international banking* organisation which has established itself at the forefront of a comprehensive range of operations worldwide. An acknowledged market leader in several of these areas on its home ground, the bank is now also *undertaking a planned expansion in the U.K., and requires two additional* suitably qualified officers for this development. The bank's commitment to growth is underlined by its intention to open a further subsidiary in London in the near future, and it is stressed that these are excellent career *opportunities.*

### Securities Investment Officer, c.£18k

With a minimum of one year's international banking experience, you should be competent in managing a substantial FRN exposure, and confident in anticipating forecasting, and calculating movements. You should also be familiar with straight bonds and gilts, and knowledge of the German market in particular would be an advantage. Probably in your early to mid-twenties and a graduate in finance or economics, you will be alert, decisive and resilient, and possess the intellect and ambition to succeed. (Ref. No. 1088).

### Loans Officer, c.£18k

Probably coming from an existing international or clearing bank background, you will have at least one year's thorough grounding in marketing, legal documentation, and balance sheet and credit analysis. Experience of corporate finance would be especially relevant, and you will possess concise, articulate reporting skills. Ideally aged 23-26 and a university graduate with a good law or business studies degree, you should be energetic, adaptable, commercially aware, of stable personality, and able to demonstrate developed client-contact skills and powers of judgement. (Ref. No. 1089).

Interested? Then please ring or preferably write, in total confidence, *stating clearly for which position you are applying, to me,* Trevor G. Boon, Sowerby's (Selection) Ltd., Personnel Consultants, 509 Chesham House, 150 Regent Street, London W1R 5FA. Tel: 01-439 6288.

*Sowerby's Selection*

## International Bond Fund Management

### Highly Competitive Package

The Investment Banking Arm of one of the world's major banks seeks an International Bond and Fixed Interest Fund Manager.

With the emergence of a first class performance record and impressive growth in funds under management, this position provides a fine opportunity to play a major role in a small and dynamic team. In addition to managing international bond portfolios, the successful candidate will be expected to maintain extensive market contacts and to carry out forecasting and analysis.

Candidates, aged under 30, should be experienced in managing bond and fixed interest multi-currency portfolios. A very good academic background is also a prerequisite.

The attractive remunerative package includes a mortgage subsidy, health scheme and non-contributory pension scheme.

In the first instance, please contact Timothy R. Wilkes at the Securities Division, 39-41 Parker Street, London WC2B 5LH, or telephone him on 01-404 5751. All enquiries treated with strictest confidence.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

# GILTS

★ SALES ★ RESEARCH ★ TRADING

Disorientated by deregulation? Michael Page City, Securities Division is still receiving enquiries from many of its clients concerning experienced gilts executives. If you are aged late 20's to mid 30's and are feeling that perhaps now is the time to reconsider your position, then call **Andrew Stewart** on 01-404 5751, or write to him at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

## Euronote Sales and Trading Specialists

### US Bank

### City. Up to £55,000 + Bonus + Car

In order to expand its young dynamic team, our client is seeking high calibre Euronote Sales and Trading entrepreneurs. This will appeal to the individual who enjoys the challenge of creating and building his/her role and contributing to the future of the team.

Reporting at a senior level, you will have 2-3 years substantial sales or trading experience in the product, including high-yield paper. Credit and exposure management knowledge would be a plus. You will be capable of generating business through your already substantial client base.

Your career track record to date will be progressive and stable. Maturity, developmental thinking, and a healthy level of aggression and ambition are essential qualities.

Respond to the challenge! Telephone or write in confidence to Beverly Kemp, quoting Ref: BK104.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-409 1371

## Shepherd Little & Associates Ltd

*Banking Recruitment Consultants*

### FIXED INTEREST SALES

**Opportunities with one of the City's top names**

To help further develop their market share this leading firm would like to recruit one or two young executives with two or more years experience of fixed income sales.

Ideally you will be establishing a sound reputation in the market and an extensive network of contacts, but will be seeking a move to a leading firm to quicken the pace of your career development.

*Please contact David Little*

Ridgway House 41/42 King William Street
London EC4R 9EN Telephone 01-626 1161

## RIVKIN JAMES CAPEL

### OUTSTANDING SALES/ RESEARCH OPPORTUNITIES

The merging of James Capel & Co's highly regarded Australian Research/Sales team with that of Rivkin Limited's entrepreneurial stockbroking operation has created two outstanding opportunities in London.

We require an experienced mining/resources analyst and a sales person to extend Rivkin James Capel's continental client service in Australian equities. Alternatively we would seriously consider an approach by a team looking to move into an internationally orientated and rewarding environment.

If you are interested please write in confidence with details of your career to David Sheridan, at:-

James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.
01-283-6141

## Are you an authority on Unit Trusts?

### Could you guide us through the legal maze?

The Prudential is now established as a major force in Unit Trust Management and after only 18 months we manage eleven leading trusts.

Our growing operation, based in Ilford, is split into four key areas: Accounts, Sales & Marketing, Data Processing and Administration. Reporting directly to the Managing Director, this new legal adviser will provide advice on all legislation, ensure that new laws are properly implemented and, when called upon, respond to enquiries from regulatory bodies.

This central role should appeal to a mature professional who, although not a qualified legal expert, is steeped in Unit Trust and investment experience. Someone who has devoted at least 10 years to this field and has developed a practical knowledge of investment law. A man or woman – probably over 40 – who can confidently communicate this expertise to others, earn respect at all levels, take the lead in negotiations and check everything with a meticulous eye for detail.

The starting salary is attractive and additional benefits include a non-contributory pension and assisted house purchase. If you would like to become part of our growing success, please write, enclosing a c.v. and details of current salary package to:– Rosanne Cole, Personnel Officer, Prudential Unit Trust Managers, Valentines House, 51-69 Ilford Hill, Ilford, Essex IG1 2DL

PRUDENTIAL
Unit Trust Managers

## A SUCCESSFUL CAREER ALREADY BEHIND YOU?

If you are aged under 55, with integrity, dedication, self-assurance and an entrepreneurial flair, you could have another equally successful career ahead of you.

Hill Samuel is one of Britain's most respected financial institutions. Personal Financial Services is a growing business sector with more and more people requiring advice and guidance on how best to successfully manage their money.

Hence we have openings for mature, responsible individuals to join the Hill Samuel Investment Services team of advisers.

Whilst a knowledge of financial matters would be an asset, we are prepared to give you thorough and comprehensive training as well as providing excellent support services and opportunities to earn a very substantial income.

To launch your second career talk to Hill Samuel. Write enclosing C.V. or call Peter Stoner at Hill Samuel Investment Services Limited, 50 Pall Mall, London SW1Y 5JQ. Telephone 01 629 7174.

HILL SAMUEL
INVESTMENT SERVICES

## Appointments Advertising

£41 per single column centimetre and £12 per line. Premium positions will be charged £49 per single column centimetre

*For further information, call:*
Louise Hunter — 01-248 4864
Jane Liversidge — 01-248 5205
Daniel Berry — 01-248 4782

# EXCEPTIONAL REWARDS IN FX AND WORLD COMMODITY MARKETS

Shearson Lehman Brothers is the second largest and one of the most profitable investment banks on Wall Street.
In commodities and futures, our established position in world markets is further strengthened by a leading presence in LIFFE and the Gold Bullion market. As part of a major expansion programme in the UK, we seek to appoint suitably qualified individuals in these areas:

## Foreign Exchange Dealer

Reporting to the Senior FX Dealer, the successful candidate will have in-depth experience of the spot and forward markets trading in major currencies and ideally be mid to late twenties with a proven track record.

## Senior Bullion Dealer

Reporting to the Trading Manager, this challenging role will appeal to individuals in their mid to late twenties with at least four years' experience in the bullion market, gained with a major bullion trading organisation in the UK or other major dealing centre. Some exposure to bullion options trading would be an advantage.

We want to identify ambitious professionals who are keen to join a small expanding team in a major firm committed to becoming one of the most successful market participants on a global basis.

A highly competitive package will be negotiated to attract and retain outstanding performers.

Ring Sylvia Adams, Director of Personnel on 01-628 9800 for a confidential discussion or apply in writing to Loretta Smith, Personnel Department, Shearson Lehman Brothers, Winchester House, 100 Old Broad Street, London EC2M 5NS.

SHEARSON LEHMAN BROTHERS
An American Express company
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# INVESTMENT PORTFOLIO MANAGER

c. £30,000 p.a.

With particular emphasis on bonds and fixed interest investments; there will be some participation in the management of mutual funds in the US and Far East. The successful candidate will have a minimum of five years' experience with a reputable organisation.

*Please contact*
Sheilagh Arnell
on 01-583 1661
*or send c.v. in confidence to her at*
ASB RECRUITMENT
50 Fleet Street
London EC4Y 1BE

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# STOCKBROKERS

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SENIOR CLERKS
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FOR RIGHTS, MARKET LEDGERS AND SOLD STOCK
*Relocation assistance given*
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# TRANSPORT SECTOR

## FINANCIAL AND ECONOMIC ANALYSIS

*As one of the leading management* consultancy firms in the UK, we wish to recruit an experienced consultant to specialise in financial and economic analysis in the transport sector.

We would be interested in hearing from persons resident in the UK, who must have:

- a good university degree in accounting, economics, business studies or other relevant subject;
- a sound understanding of accounting and economic principles;
- experience in the financial analysis of transport operations;
- experience of financial and economic appraisal for investment projects in the transport sector;
- experience of developing and using computer models in financial analysis and appraisal.

We undertake a range of interesting assignments in the UK and overseas for government, local authorities, and transport operators. These cover planning for roads and road transport, bus and rail services, ports and air transport. Experience across several modes of transport will be an advantage, as will be a proven ability to work outside the field of transport.

Our transport consulting staff are based in London. We offer opportunities for career development working alongside accountants, economists, engineers, marketing consultants, management scientists and information systems specialists. High job satisfaction is offered, and there are opportunities for working overseas.

A first class salary and benefits package is provided (including a car at appropriate grades); substantial additional salary and allowances are paid when working overseas.

Please write in confidence quoting ref: T/NO/6 to Dr. D. M. Robertson.

PEAT MARWICK

Peat, Marwick, Mitchell & Co., Management Consultants, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

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# Euromoney Publications PLC

This leading financial information company is planning to recruit:

**PROJECT CO-ORDINATOR**

Euromoney is introducing a series of residential courses for young financial executives in the latest techniques being used in the international financial and capital markets.

We seek a graduate of between 25 and 35 who ideally will have experience in the international financial markets or hold a training or educational position associated with these markets. The job will involve helping to structure course programmes, research training needs and the administration of the courses. An attractive remuneration package will be offered.

**MANAGEMENT TRAINEES**

We intend to recruit two management trainees to undergo a period of induction and project work in various Euromoney divisions and products centres, after which they will be assigned a long-term position.

Candidates should have a primary degree and/or post-graduate qualifications and will be initially compensated in accordance with their qualifications.

*Please reply in writing to:*

Mrs Diane Chaplin
EUROMONEY PUBLICATIONS PLC
Nestor House, Playhouse Yard
London EC4V 5EX

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# Capitalise on Your Customer Dealing Experience

to £35k + benefits

With the recent huge growth in the international financial markets, my client is determined to remain in the forefront of this increasingly competitive sector. An already renowned world-wide banking organisation, it now seeks to strengthen specialist skills within its London branch and capitalise on developing market opportunities.

*As senior **CUSTOMER DEALER**,* you should have at least two years' successful experience in a prominent treasury environment. This will require dealing mainly in the money markets, but also calls for previous exposure to foreign exchange transactions.

Probably aged around thirty, you will maintain and develop client relationships ensuring that agreed lending facilities are properly serviced. Articulate, quick-witted and authoritative, you are a graduate with the intellect and commitment to succeed.

Opportunities for career advancement are exceptional *and together with the salary package indicated, benefits* include non-contributory Pension/Life Assurance, Medical Insurance, Mortgage Subsidy and Loan facilities.

**Interested? Then please ring or preferably write to me, Stephen R. Boyd, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5FA. Tel: 01-439 6288.**

Sowerby's Selection

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## *Appointments Wanted*

MALE AGED 20
with Business Studies qualifications
and work experience seeks opportunity to enter financial world
*CV from Box A0330*
*Financial Times, 10 Cannon St*
*London EC4P 4BY*

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# PUBLIC RELATIONS EXECUTIVE

AP/DJ TELERATE are international leaders in the provision of on-line financial information to banks, brokers and dealers. In this fast expanding market we are serching for a talented PR all-rounder to develop our press and public relations activities.

The successful candidate must be able to demonstrate an excellent track record including proven creative writing abilities, experience in dealing with media and management of exhibitions/conferences. Knowledge of the financial markets and contacts with City journalists is essential.

Confidence and credibility are fundamental to the role which we consider will have been gained during several years in a public relations environment.

City based, we offer a competitive salary with normal big company benefits.

If you are interested, we would welcome the opportunity of discussing the situation further.
Please reply enclosing full CV and stating present salary to the Personnel Manager, Interånet (UK) Limited
Winchmore House, 12/15 Fetter Lane, London EC4A 1BR

TELERATE

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# GRADUATE IN ECONOMICS

The Commonwealth Bank of Australia in London wish to recruit a recent graduate with a good first degree and preferably *MSc in Economics*. The position to be filled by the successful applicant is a new one in London and will require a high degree of initiative in analysing financial conditions in the UK and Australia in support of our Treasury Group, concentrating on assisting our Dealing and Capital Markets areas.

A generous salary commensurate with qualifications will be offered together with attractive fringe benefits associated with the banking industry.

Please send full Curriculum Vitae to:

Mr Maurice Keene
Senior Manager, Personnel & Services
Commonwealth Bank of Australia
8 Old Jewry
London EC2R 8ED

**Commonwealth Bank of Australia**

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*International Banking*

# SENIOR CREDIT/MARKETING OFFICER

An exceptional opportunity exists, within the newly opened London branch of an *International Bank of substantial standing world-wide, to be involved in* the development of its corporate business.

Candidates, should have at least 5 years broad-based lending experience including marketing and assessment of financial products and credits for the oil industry, and should possess the commitment, communication skills and financial judgement to make a significant contribution in an exciting, challenging environment. Some experience in Capital Market products would be advantageous.

This is anticipated as a major growth area within this progressive bank and as an indication of the level of seniority of the position prospective candidates are unlikely to be earning less than £25,000 currently.

BANK RECRUITMENT CONSULTANTS. TEL: *01 628 7601* 57/59 LONDON WALL, LONDON EC2M 5TP

*Gordon Brown*

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# CHARTERED ACCOUNTANTS

## Start a Career in Banking

We are currently recruiting on behalf of a number of leading *International* and U.K. Merchant Banks, seeking high calibre young graduate accountants (aged 24-27) for new appointments within their Corporate Finance Divisions.

If you have recently qualified (no referrals) and would like to become more directly involved in the restructuring of company finances, mergers, acquisitions and disposals this is an ideal opportunity to become a deal making banker.

Starting salary c£20,000 + subsidised mortgage scheme.

Please call or send cv to Sara Bonsey.

All applications will be treated in strict confidence.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

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# COCOA TRADER-MANAGER

COMMODITY Graham Stewart APPOINTMENTS

Commodity Appointments Ltd. 8 Egmont House.
118 Shaftesbury Ave. W1V 7DJ
Tel: 01-439 1701 Telex: 894038

An International Trade House with offices in major centres is looking for an entrepreneur-type individual, who can provide profitable growth and leadership for a well established Cocoa Operation.

Apart from a proven record in the business the key characteristics of the successful applicant will be strong leadership qualities, the presence and ability to represent and promote the activity towards the outside at all levels, and interface closely and constructively with other divisions as well as the corporate management.

This is a Board level appointment.

In the first instance write or telephone Mr Graham Stewart or Mr Ken Jacob at Commodity Appointments.

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# CORPORATE LENDING EXECUTIVE

## North American Corporates & Correspondent Banks

This is an opportunity to join a major European Commercial Bank to market a wide range of financial services to mainly North American multi-nationals operating in the United Kingdom and correspondent banks in the United States.

Supported by a team of Credit Analysts, the Corporate Accounts Executives report directly to the Managing Director which reflects the high profile of the position and its importance to the continuing success of the bank.

The post will be particularly attractive to a young Commercial Banker seeking to develop his/her career by taking on a larger role covering a broad industrial base.

Candidates must have at least three years experience in corporate lending, which must include marketing to North American multi-nationals operating in the U.K. and correspondent banks in the U.S.A.

An attractive salary and benefits package is offered, reflecting the importance of this position.

**To apply, please telephone or write to John Sears, 11/15 Wigmore Street, London W1H 9LB, 01-629 3532.**

John Sears and Associates
A MEMBER OF THE SMCL GROUP

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# THE UNIVERSITY OF MANCHESTER

## MANCHESTER BUSINESS SCHOOL

### Fellowship/Senior Fellowship in Marketing/Strategic Management

Re-advertisement

Applications are invited for the above post from suitably qualified candidates. Further particulars and application forms (returnable by November *28th*) from the Registrar, The University, Manchester M13 9PL. Quote Ref. 251/86. Salary for the Fellowship within range £8,020 to £12,780 p.a. or £12,280 to £15,700 p.a.; for Senior Fellowship £14,870 to £18,625 p.a. The appointment is initially for a period of four years.

## Proven financial marketeer?

# Market Banking Products and your Career

As the long-established and dynamically expanding London branch of a highly prestigious international banking organisation, my client is set to embark on a programme of major business development. Operating across the range of financial markets, it now seeks two proven specialists to consolidate and enhance its enviable reputation.

**Marketing Officer (Int. Finance) to £30k**

Aged late 20's/early 30's you should have some 4/5 years' experience of marketing financial services to private European corporations. Adept at servicing an existing client portfolio as well as developing new business, you already have expertise in credit analysis/commercial loans and a strong familiarity with the capital markets sector. A graduate, you are mobile, credible and persuasive and should ideally possess relevant linguistic abilities. (Ref. No. 1093).

**Marketing Officer (Corp. Finance) to £30k**

As a similarly aged, experienced and proven operator, you already successfully sell and market banking products to major private British companies. Current areas of experience may well include such fields as Property, Project or Aircraft finance (as well as general lending), although other specialisations might be equally pertinent for consideration. Commercially astute and authoritative, you are of graduate calibre, ambitious and capable of developing relationships at senior levels. (Ref. No. 1094).

**Salary package is as indicated together with non-contributory Pension/Life Assurance, Medical Insurance, Mortgage Subsidy and Loan facilities. Interested? Then please ring or preferably write (in total confidence), stating clearly for which position you are applying to me, Stephen R. Boyd, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5FA. Tel: 01-439 6288.**

*Sowerby's Selection*

# Institutional Sales

Smith New Court PLC require additional top quality salesmen to expand their institutional equity team.

They are looking for generalists with a proven track record and can offer a highly competitive reward package to match the seniority of these appointments.

Please write, enclosing your CV, or telephone Somerset Gibbs, Smith New Court PLC, Chetwynd House, 24 St Swithin's Lane, London EC4N 8AT. Telephone: 01-626 1544.

All applications will be treated in strictest confidence.

SMITH NEW COURT PLC

MEMBERS OF THE STOCK EXCHANGE

## CHRISTIANIA BANK (UK) LIMITED

The Bank has been established in London for four years. In January we will become a branch of the Christiania Bank og Kreditkasse and there will be a number of opportunities for additional staff. However, at the moment we have openings for the following men or women.

**Bond Salesman** — **£negotiable**

Should have at least two years' experience dealing in the Euro Bond market. Must be able to speak and transact in a second European language.

**Bond Analyst** — **£negotiable**

Preferably educated to degree standard, candidates should be fully conversant in all aspects of Euro Bonds, be able to assess the market on a macro basis and effect evaluation and analysis of a range of products.

**Equity Trader** — **£negotiable**

Experienced trader required to make markets in the Scandinavian region and selectively within Europe.

**Equity Salesman** — **£negotiable**

Experienced salesman required for selling Scandinavian equities worldwide. Candidates may already be experienced in other European markets.

Please apply in writing to the Personnel Manager, Christiania Bank (UK) Limited, 9 King Street, London EC2V 8EA.

COORDINATING NEGOTIATIONS ON THE PAY AND CONDITIONS OF LOCAL GOVERNMENT EMPLOYEES

## SECRETARY TO THE ADVISORY BOARD

A successor is sought for the present Secretary, Mr. Brian Rusbridge, who retires in September 1987.

The Local Authorities Conditions of Service Advisory Board provides a common secretariat for the employers' sides of the 40 different bodies who negotiate the national pay scales and conditions for over 2 million local authority employees in England and Wales. These include manual workers, administrative, professional and technical staff, teachers, policemen, firemen and probation officers as well as those employed by municipal airports, new towns and development agencies.

The Secretary is the head of the Board's full time organisation, and exercises overall direction and control over the work of the Secretariat's 80 staff. This involves actively participating in major negotiations. The job calls for exceptional diplomacy and coordinating skills, backed by an ability to handle a great deal of detailed information and a high degree of mental and physical stamina.

**Applications are invited from people who have extensive experience at the highest level of large scale collective bargaining, either in the public or private sectors. Salary will be £50,000 per annum, plus benefits.**

Applications should arrive no later than Wednesday 26th November and should be addressed to:
Michael Brandon, Director, Public Sector Division,
Korn/Ferry International Ltd., 31 St. James' Square, London SW1Y Telephone 01 930 4334.

LAC SAB **The Local Authorities Conditions of Service Advisory Board**

Our client, a well known international Investment Management Company, is looking for a

## Portfolio Manager

at senior level to complete the Company's management team.

A large degree of responsibility will be granted and the successful candidate will be expected to develop investment strategies independently and implement them efficiently using the full range of available financial instruments. Clearly, he will have in-depth knowledge of major stock and bond markets and of general banking practices and be familiar with the special characteristics of institutional and private portfolio management. He will be accustomed to developing close relationships with high-quality, demanding clients.

If such a challenging position interests you and you are suitably qualified, including the ability to deal comfortably in French and German, you should contact Mr. Michael Cutler in strict confidence to obtain further information and arrange an interview.

**Deloitte Haskins+Sells**

**13, route de Florissant**
**1206 Geneva, Switzerland**

**Telephone: 22/47 08 02**

*International* **B** *Banking*

## FINANCIAL FUTURES DEALER c £20,000

Our client, a prestigious International Bank within the Top 20 in the world, requires a person to trade T. Bonds futures initially, then other instruments, within its active dealing room.

Candidates, aged 20-30, should have relevant financial futures experience gained through trading on behalf of a bank, on the LIFFE floor or from a desk situation.

*This is an outstanding opportunity for a person able to make a significant* contribution in this progressive bank, which will be rewarded by a competitive salary and benefits package.

Interested parties are invited to telephone for an informal, confidential discussion.

BANK RECRUITMENT CONSULTANTS. TEL: **01 628 7601** 57/59 LONDON WALL, LONDON EC2M 5TP

*Gordon Brown*

## Appointments Advertising

£41 per single column centimetre and £12 per line
Premium positions will be charged £49 per single column centimetre

*For further information, call:*

**Louise Hunter**
**01-248 4864**

**Jane Liversidge**
**01-248 5205**

**Daniel Berry**
**01-248 4782**

## CREDIT ANALYST
## EUROPEAN BANKS

As a leading provider of financial information services, Standard & Poor's is experiencing rapid growth in its international debt rating activities. A new opportunity exists for an experienced European bank analyst to be based in London.

The position entails in-depth financial and strategic research. Joined to a highly professional team, the selected candidate will serve as an integral participant in the evaluation and assessment of major European financial institutions.

Qualifications should include at least two years' experience as an analyst following banks for a financial institution or a regulatory agency. Strong interpersonal and writing skills are also essential. A degree and foreign language skills are preferred. Some overseas travel is required.

Standard & Poor's compensation and benefits programmes are fully competitive. or immediate consideration, please forward your curriculum vitae, with salaray requirements, to:

Mr Paul Jenkinson, Corporate Administration

**Standard & Poor's Corporation**

2 Copthall Avenue, London EC2R 7DA

*International Appointments*

PRIVATE CLIENT EXECUTIVE REQUIRED

## Midland Stockbroking Firm

Due to continuing expansion a senior position is available for a high quality private client executive. This is an outstanding opportunity for a person of membership calibre. Applicants must be capable of dealing with our existing clients at the highest level.
*Please reply to:*

M. J. Cusack, Esq.
MESSRS. ALBERT E. SHARP & CO.
Edmund House, 12 Newhall Street
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday November 12 1986



# Board of Alleghany approves financial restructuring plan

BY RODERICK ORAM IN NEW YORK

THE BOARD of Alleghany Corporation, the New York-based financial services and manufacturing holding company, has approved a financial restructuring plan prompted by tax considerations.

The holding company will be liquidated and all operating businesses transferred to Alleghany Financial Corporation, a subsidiary. Existing shareholders will receive shares in Alleghany Financial and an estimated payout of $41 a share. In early trading yesterday the holding company's shares rose $8¼ to $111, valuing it at $875m.

Alleghany Corporation, in which Mr F. M. Kirby and his family hold a 38.5 per cent stake, said prospects for the completion of the liquidation by the end of the year "should be viewed as uncertain."

If the plan fails to win the required two-thirds majority support from shareholders by December 26, the company will probably abandon it and "resume its current corporate strategy. It has no plan to submit any other restructuring proposal to shareholders."

The company gave no details of the liquidation plan, although it said that Alleghany Financial would hold about 2.82m shares of American Express. The holding company has 6.3m American Express shares, currently worth $370m, acquired when American Express bought Alleghany's Investors Diversified Services in 1984.

# Chase plans Italian retail banking move

BY ALAN FRIEDMAN IN ROME

CHASE MANHATTAN, America's third largest bank, said last night it planned to enter the retail banking business in Italy.

*Chase has applied to the Bank of Italy for permission to open five* branches but has only been authorised to open branches in the northern Italian cities of Novara (in Piedmont) and Modena (in Emilia Romagna).

Chase will become the third foreign bank with branches for consumers. Barclays Bank of the UK cut back its activities after big losses last year while Citicorp of the US recently acquired the 45-branch Banca Centro Sud of Naples.

The San Francisco-based BankAmerica group, meanwhile, has announced plans to sell its 98-branch Italian subsidiary. Potential buyers are Deutsche Bank, Citicorp, Midland Bank of the UK and Dresdner Bank, also of West Germany.

Mr John Raffa, a Chase executive, said yesterday that the Italian Central Bank had turned down Chase's request to open branches in the northern Italian centres of Brescia, Verona and Mantua.

He said the idea of opening branches was to gain access to a limited deposit base to supplement costly inter-bank funds, which most foreign banks rely on to fund their Italian business.

Chase Manhattan has two offices in Italy, in Rome and Milan, a total loan book of about L500bn ($354m) and staff of 190. The US bank launched a consumer credit business 18 months ago and has built up a consumer loan book of about L60bn consisting of car loans, leasing and mortgage business. The consumer business employs an additional 100.

# VW profits fall 13% despite sales rises

By Andrew Fisher in Frankfurt

VOLKSWAGEN, the West German car maker, saw profits decline sharply in the first nine months of 1986 as a result of problems in South American markets, the weakness of the dollar and new model costs.

VW reported a 13 per cent drop from DM 424m to DM 369m ($182m) in group profits for the period, though volume sales increased considerably on the home market and worldwide production also advanced.

Weighing on earnings were the retention of price controls in Brazil, where VW has been talking with Ford about merging their production facilities, the continued economic problems of Mexico and the lower US currency.

*The Wolfsburg group said* deliveries to customers rose by nearly 7 per cent worldwide to 1.93m vehicles, topping the record of 1979 by 2 per cent for the January to September period. Contributing to this performance were a near 14 per cent jump in sales within West Germany and one of 36 per cent in Brazil.

Within the rest of Western Europe, sales rose slightly while there was a small decline in North America. The expanded demand for cars and light commercial vehicles caused VW to lift its worldwide output by 5.5 per cent to 1.86m units.

The group also raised capital spending considerably, with an 81 per cent jump from DM 2.2bn to DM 3.9bn in investments on model development and new production equipment. Financial investments totalled DM 1.4bn, mainly representing the purchase of a majority of Seat, the Spanish car manufacturer.

The weakness of the dollar pulled down VW's turnover in the nine months by 3.2 per cent to DM 37.4bn, *mainly reflecting* the translation of South American sales at lower rates against the D-Mark.

THREE LEADING STORES GROUPS SHOW SHARPLY IMPROVED PROFITS

# US spending spree continues

BY CHARLES HODGSON IN NEW YORK

THREE leading stores groups from different sectors of the US retail market yesterday reported sharply improved *third-quarter* sales and earnings, reflecting the continuing strength of US consumer spending.

J C Penney, the third largest US retailer, underlined its recent run of improved results with record third-quarter net profits of $116m or $1.55 a share, compared with $93m or $1.24 a share in the same period last year.

Net earnings from retail operations rose 15.3 per cent in the quarter to $109m, taking net retail earnings for the nine months to $224m, a 45.3 per cent increase on the 1985 period.

Mr William Howell, chairman, *said* that gross margins continued to improve in the quarter and the nine months as a result of lower markdowns and strong performance for both store and catalogue sales.

Sales were up 7.4 per cent in the quarter at $3.48bn against $3.24bn in the year-ago period. For the nine months, net profits after a debt restructuring charge of $33m were $225m or $2.99 a share, compared with $173m, or $2.31 a share in the 1985 period. Sales for the nine months rose to $9.75bn against $9.06bn. Earnings from Penney's insurance operations improved on better underwriting results.

Wal-Mart, the expanding US regional retailer, reported sharply higher third-quarter earnings. Net profit surged 36 per cent to $96.5m, or 34 cents a share, from $70.9m or *25 cents a share last* time, on *sales* that rose 41 per cent to $2.95bn.

The company, whose owner, Mr Sam Moore Walton, topped the most recent Forbes Magazine list of the wealthiest people in the US, said net income for the nine months increased 37 per cent to $265.8m, or 94 cents a share, from $194.4m or 69 cents a share. Nine months sales rose 42 per cent to $8.08bn.

The Limited, the largest and fastest growing US fashion chain, also reported record third-quarter sales and net earnings. Net sales rose 31 per cent to $803.7m, boosting net income 63 per cent to $88.8m. Net per share earnings, adjusted for a three-for-two stock split in June, increased 57 per cent to 36 cents.

Mr Leslie Wexner, chairman, said nearly all divisions recorded "significant increases" in profits in the quarter. Mr Wexner added that The Limited expected to end the year with 2,880 stores and sales of about $3.1bn.

# Israeli aero group faces receivership

BY ANDREW WHITLEY IN JERUSALEM

BET SHEMESH ENGINES, the Israeli aero-engine company in which *Pratt & Whitney of the US has a 40* per cent equity stake, has been put into receivership.

Yesterday's decision by the ministerial economic committee may lead to the US company's withdrawal from *Bet Shemesh* Engines, which reported a loss of $20m on sales of $18m in its financial year to March 1986.

The depressed sales figures continued in the six months to last September, registering only $9m – well below the level needed by the state-controlled company to meet its costs and service its accumulated debts, estimated at up to $120m, most of them long term.

Despite opposition from Mr Ariel Sharon, the Industry and Commerce Minister, a majority of the powerful committee decided to give a court-appointed receiver one month in which to assess the prospects of saving the long troubled company.

A pessimistic report is almost certain to lead to a permanent shut-*down, with the loss of 700 jobs in a* depressed region of the country.

Of greater national importance would be the loss of Israel's only aero-engine repair and manufacturing facility.

The plant at Bet Shemesh manufactures under licence engines for many of the Israeli Air Force's aircraft, and had been slated to assemble the new P & W 1120 engine pow-*ering Israel's controversial* Lavi combat aircraft, due to make its maiden flight next month.

Negotiations have been at an advanced stage to sell the state's 58 per cent interest in Bet Shemesh Engines to a private Israeli company, expected to have been Koor Industries, the leading conglomerate.

But yesterday's unexpected move has cast considerable doubt on *whether the sale – previously* billed as the company's last hope – will now proceed.

# Tiger Oats turnover up on acquisitions

BY JIM JONES IN JOHANNESBURG

A SERIES of acquisitions enabled Tiger Oats, the large South African *foods group, to increase turnover by* more than a quarter in the year to September. Sales increased to R3.51bn ($1.55bn) from R2.80bn and pre-tax profits rose to R200.1m from R169.5m.

The directors say that the foods division performed well, particularly as the previous year's sales were already high. Acquisitions were principally in food sectors related to Tiger's own principal businesses – baking, pasta, vegetable oils, processed oats and industrial oils. The group also increased its interest in the Adcock-Ingram pharmaceuticals company.

Earnings rose to 775 cents a share from 693 cents and the year's dividend has been lifted to 270 cents from 230 cents. Tiger Oats is controlled by Barlow Rand, the industrial and mining group.

*Nampak, the packaging arm of* Barlow Rand, increased sales by more than a fifth in the year to September, also helped by acquisitions during the period. Turnover rose to *R1.73bn from R1.44bn and the pre-*tax profit was R151.0m against R102.4m.

The Directors say that most of the year's growth arose from stronger demand for the Nampak *division's* paper products and sales for the full year by projects completed in 1985.

Earnings increased to 174 cents a share from 143 cents and the year's dividend has been lifted to 79 cents from 70 cents.

Metal Box South Africa, the packaging group, 53 per cent owned by Nampak, continues to be weighed down by losses in its new glass division. Turnover increased to R831m from R716m, and the pre-tax profit was R54.5m against Rands R45.8m.

The directors say that it was difficult to recover raw material cost in-*creases fully but that all divisions* except glass increased their operating profits.

# Munich Re maintains dividend at DM 9

By Our Financial Staff

MUNICH Reinsurance, West Germany's biggest reinsurance group, yesterday forecast profits this year sufficient to replenish reserves and pay a maintained dividend.

The company confirmed that earnings for last year – ended June, 1986 – had risen strongly, moving up by 27 per cent to DM 58.5m ($28.2m) after tax. The dividend is being held at DM 9 a share.

For the current year, Munich Re expects an underwriting loss roughly in line with last year's DM 482.4m. But this would be more than balanced by investment income, it said.

Gross premiums were unlikely to show little change this year. Munich Re predicted growth of around 7 per cent in D-Mark terms, but said the gain would be almost entirely lost after currency conversions.

Continued pressure on underwriting earnings in liability insurance, particularly in the US, would again mask improvements in practically every other insurance sector.

However, so far this year, insurance claims for natural catastrophes as well as other large accidents had been lower, the company said.

Turning to last year, Munich Re said it had never before experienced such sharp currency movements. Turnover in D-Mark terms at DM 11.8bn would have been around *DM 13.2bn if currency* values had remained stable.

Foreign turnover, which accounts for half the group total, rose only 4.8 per cent last year because of the appreciation of the D-mark against Munich Re's two most important foreign currencies, the dollar and sterling. If currency values had remained constant, foreign turnover would have risen by 28 per cent, the company said.

Last year Munich Re's gross earnings totalled DM 330m.

# CanPac in C$ 362m writedown

By Robert Gibbens in Montreal

CANADIAN PACIFIC, the Montreal transport, natural resources *and industrial group, has made fur*ther asset writedowns totalling $362m (US$278m) in the first nine months of 1986 following a full review of its operations, leading to a final net loss of C$274m during the period.

On an operating basis before special charges, Canadian Pacific earned C$58.5m or 20 cents a share compared with C$201m or 94 cents a share a year earlier on revenues of C$10bn against C$11.2m.

Third-quarter operating net profit was C$51.3m or 17 cents a share against C$55.8m or 26 cents a year earlier, excluding special items.

# Carnation buys pasta operation

By William Dullforce in Geneva

CARNATION, the wholly owned US subsidiary of the Nestlé group, is *paying $18.50 a share or a total* of $56.3m for Pasta and Cheese of Long Island City, New York.

The company, which reported sales of $17.3m in its last financial year, makes and sells chilled pasta, sauces and other high quality specialities.

After completing the deal, Carnation will operate the two production plants in *Long Island and Montebello*, California, while the restaurants and retail stores owned by Pasta and Cheese will be resold to its present owners.

# US insurer reports $10m loss in quarter

BY WILLIAM HALL IN NEW YORK

FRANK B. HALL, the troubled US insurance brokerage firm, is *failing* to participate fully in the recovery in the US insurance markets, and has reported a $10m loss in its third quarter which it blames partly on declining new business.

Revenues of $104.6m in the latest quarter were *marginally down on* the previous year's $105.2m. The company says that its third-quarter revenues reflect a decline in new business production in domestic retail brokerage and the shifting of several large accounts to a fourth-quarter renewal.

Mr John McCaffrey, Frank B. Hall's chairman, says that "new business production plans and incentive programmes which have been instituted over the past months can be expected to stimulate revenue growth. Management's full attention is now focused on accelerating Hall's momentum in 1987. These plans, coupled with continued outstanding service to our existing clients, are expected to have a favourable impact on the company's future growth."

For the nine months of 1986, Hall's revenues rose 14.3 per cent to $335.5m. *Net income totalled $3.9m* or a loss of $0.24 per share after preferred dividends compared with a nine months loss of $103.2m or $7.29 a share in 1985.



# Dome Mines boosted by high gold prices

BY STEFAN WAGSTYL IN LONDON

DOME MINES, the Canadian gold mining company in which Dome Petroleum, the debt-laden oil group, has a 23 per cent stake, has reported a threefold increase in net profits before extraordinary items for the first nine months of 1986.

Net profit rose to C$11.43m (US$8.2m), or 13 cents a share, from C$3.289m, or 4 cents a share, for the same period in 1985, due to higher gold prices and increased production.

Unusual items, including gains on sales of shares and issues of shares in subsidiaries and associates, totalled C$45.24m (C$11.65m) and took net income to C$56.67m (C$14.94m).

Revenues increased to C$275.9m (C$192.4m) and gold output rose to 425,292 ounces from 355,022 ounces. The average price received was US$355 an ounce against US$321.

# Eastern employees in offer to buy out carrier

BY OUR NEW YORK STAFF

A COALITION of unions representing about 44,000 Eastern Air Lines employees yesterday offered to buy the troubled US carrier for $600m and filed a lawsuit seeking to block the sale of the company to Texas Air.

Mr Charles Bryan, head of the *machinists' union at Eastern*, said the $10.25 per share cash buyout offer was "substantially superior" to the agreement reached between Eastern's management and Texas Air last February under which Texas would acquire Eastern for $10 per share in cash and securities.

Eastern employees own about 25 per cent of the airline's stock.

But a spokesman for Eastern Air Lines insisted last night that no proposal had been received from the unions. He said an "eight-line memo" had been sent to the board requesting a meeting to discuss an alternative merger offer. "There is no substantial offer," he said.

A spokesman for the coalition, which links pilots, flight attendants and machinists' unions, said that Kelso and Company, a New York investment firm, had given written assurances that financing for the proposed acquisition could be raised. It would be a two-phased arrangement, involving bank funding of $600m and obtaining $300m of refinanced debt and working capital.

Meanwhile the unions filed a lawsuit in Miami seeking to block a November 25 shareholders' meeting that is due to vote on the merger with Texas Air. Texas already owns 51 per cent of Eastern.

# Superfos seeks partner for unit

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, the Danish fertilisers, packaging and building materials group, is looking for a partner "to inject new capital and business strength" into its loss making fertiliser division, the group said in a statement to the Copenhagen Stock Exchange Council yesterday.

The group is making soundings among potential partners, but no concrete negotiations are taking place as yet, said Mr Henning Uth, manager of the fertiliser division.

"This is a capital intensive business and there has to be quite a lot of money involved," he said, without specifying what sort of figure he was thinking about.

The group expects to make an operating loss this year of about DKr 300 ($38.9m), according to the stock exchange statement. The half-year interim report forecast a DKr 200m loss.

Superfos made a first half pre-tax loss of DKr 117m on sales which were down from DKr 6.6bn to DKr 5.5bn. Midterm equity capital was DKr 856m.

The losses this year have come mainly from the group's fertiliser factory at Mulberry, Florida, which belongs to the group's American subsidiary, Royster, acquired by Superfos at the end of 1984.

But the losses have also arisen through other factors, including exchange rate fluctuations, changes in raw material prices and competition in Europe from cheap East European products.

Although Mr Uth said there was no sign yet of any change in the depressed world market for fertilisers, the statement to the stock exchange said there was a prospect that the group will make a "moderate operating surplus" in 1987.

Losses at Mulberry – at current prices – will be halved as a result of productivity improvements.

# Swiss gain control of Melia

By William Dullforce in Geneva

SASEA, the Geneva-based holding company, and Interpart Holding of Luxembourg have paid Banco Espagnol de Credito (Banesto) SFr 100m ($59m) for a controlling stake in Melia, the Spanish travel agency and hotel group.

Melia was described by Sasea yesterday as the most important tourist enterprise in the Spanish-speaking world, with its 197 travel agencies making it the world's third largest network. Its turnover in 1985 was Pta 52bn. Once a family owned concern, Melia has been largely financed in recent years by Banesto.

The new owners plan to recapitalise Melia and to reorganise it into two or three holding companies. They do not intend to retain majority control and are already talking to institutional investors interested in taking shares in the restructured group, according to Sasea.

An opportunity to buy up to 25 per cent of the new company will be offered to the Melia family, the original owners.

Sasea, an inactive company with a listing on the Geneva stock exchange, was bought from Crédit Suisse earlier this year by a group of Swiss, Italian and Nordic investors. They have increased its capital through issues of new shares and a convertible bond to SFr 205m.

In a previous operation, the Sasea group took over an oil refining company at Cremona, which had some 900 service stations in Italy. Sasea later sold a 70 per cent stake to Libyan interests.

## EMS-Chemie sees flat results

BY JOHN WICKS IN ZURICH

EMS-CHEMIE Holding, the Swiss chemical industry group, expects results for the financial year ending April 30, 1987, to be "at least close to" the level recorded for the last financial year.

In 1985-86, the group's operational cashflow had risen by 46 per cent to SFr 80.6m ($47.7m) after a 33 per cent increase in sales to SFr 523m. The parent company raised its dividend from 7 to 9 per cent from net profits of SFr 7m.

For the first six months of 1986-87, the group booked the same level of sales and earnings as that for the corresponding period last year despite "considerably less favourable" exchange rates.

## Beiersdorf sales up slightly

BY OUR FINANCIAL STAFF

BEIERSDORF, the West German pharmaceuticals and cosmetics group, expects to maintain profits this year, following a modest improvement in sales for the first nine months of 1986.

The company, best known for its Nivea products, says sales for the nine months rose 2.5 per cent to DM 2.29bn ($1.1bn) despite flat foreign turnover. Sales within Germany rose by 6 per cent, Beiersdorf said.

The strength of the D-Mark reduced the value of foreign sales, despite good volume increases in several export markets.

All divisions had contributed to the increase in domestic sales, Beiersdorf said.

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This notice is given in the name of NATIONAL TRUST COMPANY, Trustee on behalf of Canadian Utilities Limited

# INTL. COMPANIES and FINANCE

## ACI and BHP stakes to be sold

BY CHRIS SHERWELL AND ROBERT KENNEDY IN SYDNEY

EQUITICORP TASMAN, the quoted Australian company controlled by Mr Allan Hawkins, the New Zealand entrepreneur, yesterday announced the planned disposal of significant shareholdings in two leading Australian corporations, ACI International and Broken Hill Proprietary, for a gain of more than A$60m (US$38.8m).

The company's 19.9 per cent stake in ACI, the country's largest packaging group, is being bought by the Pratt group, controlled by Mr Dick Pratt, which itself has a stake in Equiticorp of 35 per cent.

The 5 per cent shareholding in BHP, Australia's largest company, is to be disposed of through a convertible bond issue. The effect of both deals is to leave Equiticorp with a cash pool of some A$300m after repayment of borrowings.

Mr Pratt, who has interests in the paper business and banking in Australia, the US and Hong Kong, is paying $4.50 for each of the 66.9m ACI shares, or A$301m, and the purchase will make him ACI's largest shareholder.

The deal, which is subject to shareholders' approval at a meeting next month, adds a fresh dimension to the uncertainty surrounding control of the company.

After Equiticorp became a major shareholder in ACI in March and made a bid for the company, BHP also took a holding. Equiticorp then acquired its 5 per cent stake in BHP.

Equiticorp later abandoned its bid, and BHP has since sold its ACI stake to Westfield Capital. Like BHP, Westfield is believed to be friendly to ACI, and yesterday it raised its effective share to 15 per cent. This is likely to be increased further.

Last month, in a separate development, another friendly party, the US Henley Group, bought 10 per cent of ACI. The two companies are known to have business associations in the US. A third non-hostile shareholder, the AMP Society, has 15 per cent of ACI.

On Equiticorp's BHP disposal, the company said yesterday that arrangements were still being finalised. It said the disposal would involve the issue of an offshore convertible bond entitling holders to convert into BHP shares.

## NZI lifts net profits by 47%

BY OUR FINANCIAL STAFF

NZI CORPORATION, the Auckland-based insurance and financial services group, boosted net earnings 47.1 per cent in the six months to September to reach NZ$57.97m (US$30m), on the back of a 59.9 per cent advance in revenues to NZ$951.31m.

For the full year, Mr F. R. A. Hellaby, the chairman, said "satisfactory" results were expected but added only: "We are confident in our ability to meet the changes which are occurring in the market places in which we operate."

New Zealand has undergone a widespread deregulation of its financial sector over the past year, of which NZI has largely been a beneficiary. It has been able to put in place a full-fledged banking operation, and its banking services division contributed NZ$21.13m to net earnings in the latest half-year, up from NZ$8.23m.

Overall, earnings per share rose only from 20.1 cents to 20.9 cents, following an increase in capital. From this, however, an increased interim dividend of 4 cents per share is being paid, compared with 3.75 cents.

## Philippine mining group cuts deficit

By Samuel Senoren in Manila

ATLAS CONSOLIDATED Mining and Development, the troubled Philippine resources company, showed losses of 707.6m pesos ($34.6m) in the first nine months of 1986 after reporting a loss of 184.4m pesos in the third quarter.

The performance in the nine-month period, however, already represented a significant improvement compared with a loss of 1.2bn pesos in the same period of last year and 1.5bn pesos for the whole of 1985.

Mr Harry Toelle, president said the reduction in losses resulted from a rise in the price of gold and increased production of copper to compensate for its low price.

Atlas is negotiating for Bond Corporation Holdings of Australia to buy into the company and pay off an estimated US$255m in loans owed to foreign banks.

Under the plan, Bond would buy Atlas foreign debts from about 19 creditor banks at a discount of 40 per cent. In return Atlas will pay Bond the equivalent amount in gold production.

Foreign banks are believed eager to sell the Atlas loans because prospects of recovering their exposure according to schedule do not seem promising in view of continuing losses suffered by the company in the past few years.

## Amcoal raises first-half sales

BY JIM JONES IN JOHANNESBURG

ANGLO AMERICAN Coal Corporation (Amcoal), South Africa's largest coal mining company, increased coal sales in the first half of the current year and expects the increase to be maintained during the second half. Nevertheless, Mr Graham Boustred, chief executive, is cautious on immediate profit prospects.

Coal sales increased to 20.1m tonnes in the six months to September from 18.6m tonnes. Turnover rose to R615m ($272.1m) from R531m and pre-tax profits were R255.2m against R246m.

Interim earnings increased to 424 cents a share from 412 cents and the interim dividend has been maintained unchanged at 80 cents.

## Japanese shipping lines suffer sharp reverse

BY YOKO SHIBATA IN TOKYO

JAPAN'S six leading shipping companies yesterday reported results for the six months to September which were the worst since the previously fragmented industry was rationalised in 1969.

Only three were able to stay in the black at the pre-tax stage, and all three showed steep setbacks from the comparable period of 1985. For all six, freight revenue—which is dollar denominated—was severely eroded by the steep appreciation in the yen over the period.

Each moved to offset this by accruing large proceeds from the sale of securities.

Combined revenue of the six declined by 28 per cent or Y293bn in the first half-year, affected by the yen's appreciation. The combined operating loss totalled Y21.1bn, against the previous year's operating profits of Y21.5bn.

In order to cut their losses, the six reported combined sales of securities totalling Y24bn (Y14bn in the previous year). It was the first time since 1964 that Mitsui OSK Line had reported a net loss. Nippon Yusen (NYK), the largest in the sector, was the only one to remain in profit at the net level.

JAPANESE SHIPPING COMPANIES

Parent company results, half-year September 1986 (September 1985)

| | Sales Ybn | Pre-tax profits Ybn | Net profits Ybn |
|---|---|---|---|
| NYK | 218 (294) | 4.65 ( 9.72) | 1.62 ( 4.63) |
| Mitsui Osk | 189 (261) | 1.21 ( 6.32) | −1.08 ( 2.98) |
| Kawasaki Kisen | 149 (201) | 0.21 ( 3.35) | −2.19 ( 0.16) |
| Japan Line | 70 (102) | −1.12 (−4.78) | −9.29 (−2.40) |
| YS Steamship | 65 ( 97) | −7.55 (−0.73) | −7.38 (−1.14) |
| Showa Line | 52 ( 80) | −4.15 (−0.85) | −5.55 (−1.72) |

## Five leading steelmakers show loss at six months

BY OUR TOKYO STAFF

JAPAN'S FIVE top steelmakers all fell into loss for their first half to September due to a slowdown of domestic demand, deteriorating export profitability on account of reduced sales to China and the US and the steep appreciation of the yen.

All are omitting their interim dividend payments, because of uncertainties in the second half.

Nippon Steel said its pre-tax loss would have been much larger—at about Y47bn—without profits of Y35bn from share portfolio sales. The stronger yen cut into export revenues and the deflationary impact on the overall Japanese economy also depressed demand. It reported an operating loss of Y5.85bn against the profits of Y76.95bn the previous year.

For the second half, Nippon Steel predicts further production and shipment declines with an estimated output at between 12.5m and 12.6m tonnes.

At Nippon Kokan (NKK), both its shipbuilding and steel sectors were hit hard by the yen's appreciation. Despite sales of securities totalling Y46.7bn, the pre-tax loss swelled to Y5.25bn.

Kobe Steel said the yen's appreciation made its sales of machinery division less profitable than ever. The company was able to recover some of its pre-tax loss by Y700m worth sales of land and Y27bn from equity sales. Without these special profits, its pre-tax losses would have reached Y35bn.

Kawasaki Steel said that if its profits from sales of securities amounting to £20bn were excluded, its pre-tax loss would have reached Y26bn.

Sumitomo Metal Industries said its pre-tax losses could have reached Y24bn, without sales of securities amounting to Y14.6bn.

JAPANESE STEELMAKERS

Parent company results, half-year to September 1986 (September 1985)

| | Sales Ybn | Pre-tax profits Ybn | Net profits Ybn |
|---|---|---|---|
| Nippon Steel | 1,096 (1,432) | −11.85 (33.71) | −11.95 (21.91) |
| Nippon Kokan | 540 ( 646) | − 5.25 (13.46) | −13.30 ( 9.46) |
| Kobe Steel | 526 ( 615) | − 8.18 (12.35) | − 8.12 ( 6.85) |
| Kawasaki Steel | 481 ( 603) | − 6.09 (18.11) | − 6.11 (10.61) |
| Sumitomo Metal | 468 ( 571) | − 9.26 (14.12) | − 9.26 (13.32) |

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## American Express Bank in SFr 200m 1996 deal

BY HAIG SIMONIAN

AN ACTIVE Swiss franc primary market was kicked off yesterday by American Express Bank with a SFr 200m 5 per cent 1996 par priced issue, led by Shearson Lehman Amex Finance.

The borrower's strong representation in Switzerland helped to ensure a good reception against the background of a quiet but well maintained secondary market.

Bayerische Vereinsbank Overseas Finance followed with a SFr 100m 4⅜ per cent 10-year par priced deal, led by Wirtschafts-und Privatbank, which is 50 per cent owned by the borrower. Both issues marked a welcome break for a market sated with Japanese paper.

Swiss Volksbank led a SFr 45m seven-year par-priced warrant deal for Toyo Radiator Company, guaranteed by Dai-Ichi Kangyo Bank. The coupon is indicated at 2⅞ per cent.

In the dollar market, Japan Air Lines brought a $100m 8⅛ per cent 1996 issue, priced at 101⅛. Led by Nippon Credit International, the deal was launched at about 70 basis points over comparable US Treasury bonds.

The bond marks the borrower's last Euromarket issue before privatisation and is therefore the last JAL issue to carry a government guarantee. Despite its quality, the bonds were quoted at two points below the issue price by mid-afternoon, against some support from the lead manager.

Robert Fleming & Co., the British merchant bank, issued a $100m perpetual floating-rate note, guaranteed by its parent company Robert Fleming Holdings, paying ⅛ percentage point over six-month London interbank offered rate, and led by Credit Suisse First Boston.

The issue is a virtual private placement: though there will be no secondary market. Proceeds will be used to bolster the borrower's balance sheet rather than for any acquisitions.

Nikko Securities Company (Europe) led a Y20bn "step up coupon" issue for the Commissioners of the State Bank of Victoria, guaranteed by the government of Victoria. Priced at 100⅛, the issue carries a 1 per cent coupon for the first two years, rising subsequently.

In Australian dollars, Pierson, Heldring & Pierson, the Dutch bank, led its own A$40m 14⅛ per cent three-year issue, priced at 101⅛.

## Cameroon mandate for Paribas

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BANQUE PARIBAS and Credit Agricole have won a long-awaited $120m World Bank co-financing loan mandate from the Republic of Cameroon which is to fund the country's sixth highway project.

Though terms were not officially confirmed yesterday, the 10-year deal is expected to carry a margin of ⅜ per cent over London interbank Eurocurrency offered rates. The World Bank is to contribute $20m of the total with its share carrying a longer maturity than the funds provided by the commercial banks.

Award of the mandate follows months of negotiations between Cameroon and its bankers amid expectations that the credit would carry a World Bank guarantee. This approach was later dropped in favour of a more traditional co-financing approach, but the maturity of the World Bank contribution to the loan has not yet been settled.

Separately, the World Bank is to provide a $125m loan for the highway project. Other banks underwriting the commercial bank loan are Banque Nationale de Paris, Credit Lyonnais, UBAF and Credit du Nord.

## World Bank seeks Swedish funding

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE WORLD BANK is to raise capital in Sweden for the first time since 1973. It is launching a seven-year SKr 300m fixed-rate bond. The issue is connected with an interest rate swap with PKbanken. The Swedish state-owned commercial bank which is to manage the issue, and a currency swap with the Swedish National Debt Office.

Through the currency swap the World Bank will ultimately obtain its funds in Swiss francs.

The re-entry of the World Bank into the Swedish capital market — it previously raised funds in Sweden in 1967 and 1973 — does not indicate any relaxation of Sweden's extensive foreign exchange regulations, however.

Foreign borrowers are still likely to be barred from the Swedish capital market for the foreseeable future, even though the authorities are considering relaxations in other areas.

The coupon on the issue was set yesterday at 9.60 per cent with an issue price of 100 per cent, with a resulting yield that corresponds to the interest level for Swedish Treasury bonds in the secondary market. Pkbanken will make a market in the bonds for the lifetime of the loan.

## FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on November 11

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amer. Express 7⅝ 93 | 100 | 95¾ | 96¼ | +0⅛ | −0⅝ | 8.31 |
| Amoco Company 9⅞ 16 | 200 | 102⅞ | 102⅞ | +0⅛ | −1⅛ | 9.47 |
| Australia Com. 11 95 | 200 | 113⅞ | 114⅛ | +0⅛ | −0⅝ | 8.50 |
| Australia Com. 11¼ 00 | 100 | 114 | 114½ | +0¼ | −0¼ | 9.34 |
| BP Capital 9⅛ 94 | 100 | 104 | 104⅝ | −0⅛ | −0⅝ | 8.34 |
| British Telecom 7⅝ 96 | 250 | 95⅝ | 96⅛ | +0¼ | −0⅝ | 8.25 |
| Campbell Soup 10½ 95 | 100 | 111⅛ | 111⅞ | +0⅛ | −0⅝ | 8.56 |
| Canada 9 96 | 1000 | 105¼ | 105⅝ | +0½ | −0⅝ | 8.12 |
| Canadian Pac. 10¼ 93 | 100 | 108⅝ | 109⅛ | +0¼ | −0⅝ | 8.47 |
| CEPME 10⅛ 91 | 100 | 108⅝ | 109⅛ | +0⅝ | −0⅛ | 7.89 |
| Citicorp 8¼ 93 | 200 | 97⅛ | 98¼ | +0¼ | −0⅝ | 8.64 |
| Credit Lyonnais 9 91 | 200 | 104½ | 105⅛ | +0⅛ | −0½ | 7.64 |
| Credit National 9⅛ 93 | 150 | 105⅛ | 105⅞ | +0⅛ | −0½ | 7.94 |
| Daiwa Securities 2⅞ 91 | 120 | †78¼ | 78⅞ | +0¼ | −1⅛ | 12.84 |
| Denmark Kingdom 7⅞ 93 | 250 | 98⅛ | 98⅝ | +0⅝ | −0⅝ | 8.07 |
| Denmark Kingdom 8¼ 91 | 300 | 102¼ | 102⅝ | +0¼ | −0½ | 7.61 |
| Deutsche Bank Fin. 8 96 | 110 | 97⅛ | 97⅝ | 0 | −0⅝ | 8.35 |
| EEC 7 91 | 100 | 99⅝ | 100⅛ | +0½ | +0½ | 7.00 |
| EEC 8¼ 96 | 100 | 101¼ | 101⅝ | +0⅝ | −0¼ | 8.05 |
| EEC 8⅝ 91 | 150 | 104⅝ | 105⅛ | +0⅛ | −0½ | 7.24 |
| EEC 9⅞ 90 | 350 | 105⅞ | 106¼ | +0¼ | −0⅝ | 7.68 |
| EIB 10¼ 94 | 200 | 110⅞ | 110⅞ | +0⅛ | −0⅛ | 8.40 |
| EIB 12 95 | 200 | 122⅞ | 122⅞ | +0½ | −0⅝ | 8.17 |
| Eurofima 7⅞ 91 | 100 | 100⅞ | 101¼ | +0⅛ | −0⅝ | 7.40 |
| Export Dev. Cpn. 10 90 | 100 | 108⅛ | 109¼ | +0⅛ | −0⅛ | 7.85 |
| Finland 7½ 93 | 200 | 97⅞ | 98⅛ | +0⅞ | −0½ | 7.91 |
| Ford Motor Cred. 10½ 91 | 150 | 109⅞ | 109⅞ | +0¼ | −0½ | 8.00 |
| Ford Motor Cred. 11⅞ 90 | 100 | 109⅞ | 110¼ | +0¼ | −0⅛ | 7.76 |
| Gen. Elec. Cred. 10¼ 00 | 200 | 106⅞ | 107⅞ | +0⅛ | −0⅝ | 9.29 |
| GMAC 10¼ 89 | 200 | 107¼ | 107⅞ | +0¼ | −0¼ | 6.98 |
| GMAC 8½ 93 | 200 | 101⅞ | 102⅛ | +0⅞ | −0¼ | 8.11 |
| IADB 9⅞ 95 | 200 | 109⅞ | 110¼ | +0½ | −0⅝ | 8.26 |
| Liberty Mutual 8½ 96 | 150 | 100⅝ | 100⅞ | +0½ | −0⅝ | 8.39 |
| LTCB of Japan 8 91 | 100 | 101½ | 102 | +0¼ | −0⅝ | 7.53 |
| Merrill Lynch 8⅞ 91 | 100 | 103⅞ | 104⅛ | +0⅛ | −0⅝ | 7.79 |
| Mercds.-Benz Cred. 7½ 93 | 100 | 100 | 100½ | +0¼ | −0⅛ | 7.44 |
| Nth. Amer. Philips 8 93 | 100 | 97⅛ | 97⅝ | +0¼ | +0⅛ | 8.51 |
| Norway Kingdom 7¼ 91 | 500 | 99⅞ | 99⅞ | +0¼ | −0⅝ | 7.33 |
| Pepsico Inc. 7⅞ 93 | 200 | 97⅛ | 97⅝ | +0½ | 0 | 7.89 |
| Proct. & Gamb. 'A' 9⅞ 92 | 150 | 106½ | 107 | +0½ | −0⅛ | 8.41 |
| Qantas Airways 10⅛ 95 | 140 | 110⅝ | 110⅝ | +0¼ | −0⅛ | 8.57 |
| Queensland Govt. 10¼ 95 | 100 | 109 | 109½ | +0⅛ | −0⅛ | 9.62 |
| Ralston Purina 11¼ 95 | 150 | 113⅞ | 114½ | +0½ | −0¼ | 9.29 |
| Saab Scania 9½ 91 | 125 | 105 | 105½ | +0⅛ | −0⅝ | 7.98 |
| Saskatchewan 10¼ 92 | 100 | 111⅛ | 111⅞ | +0⅛ | −0⅝ | 7.96 |
| State Bk. S. Aust. 9¼ 93 | 100 | 103⅞ | 104⅛ | +0⅛ | −0⅝ | 8.36 |
| Statoil 10 90 | 170 | 107⅞ | 108⅛ | +0⅛ | −0⅝ | 7.49 |
| S. Wales Trsy. 11¼ 90 | 150 | 111⅛ | 111⅞ | +0¼ | −0⅛ | 7.77 |
| Swed. Exp. Cred. 10 92 | 100 | 109⅞ | 110⅛ | +0½ | −0⅛ | 7.67 |
| Sweden 8¾ 96 | 200 | 103⅞ | 104⅛ | +0⅛ | −0½ | 8.11 |
| Sweden 10¼ 92 | 250 | 111 | 111½ | +0⅛ | −1 | 7.84 |
| Sweden Kingdom 10⅞ 90 | 200 | 110⅝ | 111⅛ | +0¼ | −0⅛ | 7.19 |
| Sweden Kingdom 7 91 | 250 | 98⅛ | 98⅝ | +0⅛ | −0⅝ | 7.40 |
| Toyota Motor Cred. 8 89 | 100 | 102½ | 103⅛ | +0¼ | −0⅛ | 6.79 |
| Victorian Rep. 11⅝ 92 | 150 | 114 | 114½ | +0⅛ | −0¼ | 8.26 |
| World Bank 8½ 16 | 150 | †94⅛ | 94⅝ | +0⅝ | +0⅝ | 9.04 |
| World Bank 9¼ 16 | 300 | †100⅞ | 101¼ | +0⅛ | −0¼ | 9.14 |
| World Bank 10⅛ 95 | 300 | 112⅞ | 113⅛ | +0⅝ | −1 | 8.00 |
| Yasuda Trust Fin. 8½ 93 | 100 | 101⅝ | 102⅛ | +0¼ | −0⅛ | 8.11 |

Average price changes on day +0⅛ on week −0½

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 8 94 | 200 | 106⅝ | 107¼ | +0⅛ | +0⅛ | 6.81 |
| Austrian Elec. Co. 6½ 95 | 150 | 99 | 99½ | +0⅛ | +0⅛ | 6.61 |
| BMW 5¾ 96 | 200 | 91⅛ | 92¼ | +0⅛ | −0¼ | 6.40 |
| Daimler Benz Int. 5⅞ 01 | 500 | 91½ | 92¼ | 0 | +0¼ | 6.63 |
| Dow Chemical 5⅝ 96 | 300 | 93⅛ | 93⅝ | +0¼ | +0½ | 6.58 |
| Dow Chemical 6⅞ 95 | 300 | 101½ | 102 | −0½ | −1⅛ | 6.48 |
| EIB 5½ 98 | 150 | 90½ | 91 | −0⅛ | +0½ | 6.67 |
| EIB 6⅞ 95 | 300 | 101⅞ | 102¼ | 0 | −0⅞ | 6.57 |
| EIB 7¼ 94 | 300 | 104 | 104½ | 0 | +0⅛ | 6.55 |
| Emhart Corpn. 6⅞ 95 | 175 | 100⅝ | 101⅛ | +0¼ | +0¼ | 6.62 |
| Eurofima 6¼ 96 | 100 | 97⅞ | 98⅛ | +0¼ | +0⅞ | 6.55 |
| Ex.-Im. Bk. Korea 7⅞ 90 | 100 | 104⅛ | 104½ | −0¼ | −0⅛ | 6.27 |
| Finland Republic 7 92 | 200 | 104¼ | 104¾ | 0 | 0 | 5.96 |
| Hoesch Intl. Fin. 7 95 | 100 | 102 | 102⅝ | +0½ | +0⅞ | 6.66 |
| Hydro Quebec 5½ 96 | 125 | 92¼ | 92¾ | −0⅛ | +0⅛ | 6.58 |
| Hydro Quebec 6 16 | 150 | 85 | 85½ | +0⅛ | +0⅛ | 7.22 |
| IBJ 5⅞ 96 | 200 | 92⅞ | 93⅛ | 0 | +0⅛ | 6.62 |
| Ireland 8⅛ 92 | 150 | 107½ | 108 | 0 | +1⅛ | 6.40 |
| I/S Elsam 6⅛ 93 | 125 | †99⅞ | 100¼ | −0⅛ | −0⅛ | 6.75 |
| Korea Dev. Bank 6⅝ 93 | 100 | 98 | 98½ | −0⅛ | 0 | 6.96 |
| Mitsubishi M. 3⅛ 89 WW | 100 | 106⅝ | 107⅝ | 0 | +0¼ | 8.00 |
| Mitsubishi M. 3⅛ 89 XW | 100 | 93⅝ | 94⅛ | +0¼ | +0⅛ | 5.26 |
| Renfe 7¼ 95 | 100 | †105 | 105½ | −0⅛ | +0⅛ | 6.90 |
| Soc. Cent. Nuclear 7¾ 95 | 150 | 101¼ | 101⅞ | 0 | 0 | 7.08 |
| Soc. Cent. Nuclear 8 91 | 100 | 105⅛ | 105⅝ | −0⅛ | +0⅛ | 6.60 |
| Sterweg 5⅛ 96 | 100 | 91½ | 92 | −0⅛ | 0 | 6.70 |
| World Bank 7 95 | 600 | 102¼ | 102¾ | −0⅛ | −0⅛ | 6.61 |
| Yorkshire Intl. 6¼ 01 | 200 | †90⅞ | 91⅛ | −0¼ | −0½ | 7.26 |

Average price changes on day 0 on week +0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 5⅝ 96 | 100 | †101 | 101¼ | 0 | +0¼ | 5.47 |
| Amer. Corp. 5⅞ 01 | 200 | †92¼ | 92½ | 0 | 0 | 6.05 |
| Baker Int. 4½ 96 | 200 | †98 | 98¼ | 0 | 0 | 5.47 |
| Carlsberg 5 96 | 80 | †102½ | 102¾ | 0 | 0 | 4.65 |
| Chujitsuya 5¾ 94 | 50 | *†102½ | 102¾ | 0 | 0 | 4.95 |
| Deutsche Bk. Fin. 5⅞ 95 | 100 | †106½ | 107 | +0⅝ | +0⅛ | 4.37 |
| Gen. Occidentale 4½ 98 | 80 | *†122 | 122¼ | 0 | −0½ | 1.57 |
| Glendale F. S. & L. 5½ 95 | 100 | †101½ | 101⅞ | +1 | 0 | 5.26 |
| Humana 5⅛ 98 | 120 | †97½ | 97¾ | +0¼ | −1½ | 5.42 |
| Ireland 5⅞ 94 | 150 | †101¼ | 102 | 0 | 0 | 4.85 |
| Japan Dev. Bk. 5⅛ 97 | 100 | †102¼ | 102½ | −0¼ | +0¼ | 4.85 |
| Oberos. Ktwk. 5⅞ 95 | 100 | *†105¾ | 106 | +0¼ | +0¼ | 4.79 |
| Olivetti Intl. 5½ 95 | 100 | †104 | 104¼ | +0½ | −0½ | 4.90 |
| Pepsico 5⅛ 95 | 130 | †104½ | 105 | +0⅝ | +0¼ | 4.55 |
| Phibro-Salomon 5⅞ 97 | 110 | †104¼ | 104½ | +3⅛ | +3⅛ | 4.61 |
| Ralston Purina 5⅞ 94 | 125 | †101 | 101¼ | −0¼ | −2 | 5.30 |
| Settsu Euro. 0 02 | 100 | †46½ | 46⅞ | −0½ | +0⅞ | 5.47 |
| US Steel 5⅛ 96 | 200 | *†87½ | 87¾ | 0 | −7⅛ | 7.07 |
| USX Corpn. 5⅞ 98 | 100 | †95 | 95¼ | 0 | −0⅛ | 6.35 |
| World Bank 5⅛ 94 | 150 | †105 | 105¼ | 0 | 0 | 4.96 |

Average price changes on day +0¼ on week −0⅝

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amer. Expr. OS Cr. 5⅞ 91 | 20 | 99⅛ | 100¼ | +0⅛ | −0⅝ | 5.86 |
| Denmark 6⅛ 96 | 10 | 101½ | 102 | +0⅛ | +0¼ | 6.12 |
| GMAC 5⅞ 91 | 60 | 97⅞ | 97¾ | +0⅛ | −0⅛ | 5.98 |
| EIB 6⅛ 96 | 25 | 100⅝ | 100⅝ | +0½ | 0 | 6.87 |
| Sweden Kingdom 5⅞ 95 | 20 | 96⅝ | 97¼ | +0¼ | +0⅛ | 6.09 |

Average price changes on day +0⅛ on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amer. Ex. US Cr. 0 91 A$ | 100 | 56 | 56⅞ | 0 | +0½ | 13.92 |
| Bremer Ldsbk. 12⅞ 91 A$ | 30 | 97⅞ | 98⅝ | 0 | −0¼ | 13.35 |
| Fiat Finance 14½ 89 A$ | 50 | 100¼ | 101¼ | 0 | −0⅛ | 13.99 |
| GMAC 12⅞ 89 A$ | 40 | 98 | 99 | 0 | −0⅛ | 13.52 |
| Landsbk. Rheln. 13 89 A$ | 30 | 97 | 98 | 0 | −1 | 14.18 |
| Canadian Pac. 10⅞ 90 C$ | 75 | †103¼ | 103⅞ | +0¼ | −0¼ | 9.25 |
| Chrysler Corpn. 10 91 C$ | 75 | †99⅛ | 99⅝ | +0¼ | −0¼ | 9.40 |
| Genstar Fin. 11⅛ 95 C$ | 75 | *†104⅛ | 104⅝ | 0 | 0 | 10.94 |
| GMAC 9⅛ 92 C$ | 75 | †101¼ | 101⅞ | +0¼ | −0¼ | 8.87 |
| Royal Trustco 10⅞ 90 C$ | 75 | †101⅞ | 102⅛ | +0¼ | −0⅛ | 9.71 |
| Sears Acc. 10⅝ 92 C$ | 75 | *†102⅞ | 102⅞ | 0 | +0¼ | 9.95 |
| Coca-Cola F. C. 17 90 NS | 75 | †106 | 107½ | 0 | 0 | 14.50 |
| Denmark 17½ 89 NS | 50 | *†102⅝ | 103⅛ | 0 | 0 | 15.89 |
| Unilever Cap. 17½ 89 NS | 50 | †104½ | 106 | 0 | −1 | 15.85 |
| Copenhagen Cty 9 95 Ecu | 40 | *†101⅞ | 101⅞ | 0 | +0¼ | 8.69 |
| EIB 8⅞ 93 Ecu | 100 | *†105 | 105 | 0 | −0⅛ | 7.59 |
| Walt Disney 8⅞ 94 Ecu | 62 | *†104⅛ | 104¼ | 0 | 0 | 7.97 |
| Honda Mtr. WW 3⅞ 90 Fl | 100 | 107⅞ | 108⅛ | 0 | −0⅛ | 1.38 |
| Honda Mtr. XW 3⅞ 90 Fl | 100 | 93⅝ | 94⅛ | 0 | +0⅛ | 5.93 |
| Thyssen 7¼ 90 Fl | 50 | 104⅛ | 104⅞ | 0 | 0 | 5.89 |
| Wereldhave 7½ 90 Fl | 75 | 104⅛ | 104⅝ | 0 | 0 | 6.10 |
| Wessanen 6⅞ 90 Fl | 50 | 104⅛ | 104⅞ | 0 | +0¼ | 5.40 |
| Amev 11 93 £ | 50 | †99 | 99½ | −0⅛ | 0 | 11.15 |
| Australia Com. 11 92 £ | 40 | †96⅞ | 97⅞ | +0⅛ | −0⅝ | 11.71 |
| GMAC UK Fin. 10½ 90 £ | 30 | 99 | 99⅝ | −0⅛ | −0¼ | 10.72 |
| Imp. Chem. Inds. 10 03 £ | 100 | 91⅛ | 91⅞ | 0 | −0⅝ | 11.13 |
| Imp. Chm. Inds. 10¼ 92 £ | 75 | †95⅛ | 95⅞ | +0⅛ | −0⅝ | 11.81 |
| Invst. in Inds. Int. 10 93 £ | 60 | 92⅛ | 92⅝ | 0 | −0¼ | 11.73 |
| Leeds Bldg. Soc. 10½ 91 £ | 50 | 95⅞ | 96 | 0 | −0¼ | 11.79 |
| McDonalds 10⅞ 90 £ | 40 | 98⅝ | 99⅛ | −0⅛ | +0⅛ | 11.24 |
| Nationwide BS 10⅛ 93 £ | 75 | 92⅛ | 93 | 0 | −0¼ | 11.80 |
| NSW Treasury 10⅝ 92 £ | 50 | 94⅞ | 95⅛ | 0 | −0¼ | 11.78 |
| Royal Insce. 10⅛ 92 £ | 60 | 96¼ | 97¼ | 0 | +0¼ | 11.46 |
| J. Sainsbury 10⅞ 93 £ | 60 | 97 | 97½ | 0 | −0¼ | 11.50 |
| Trusthouse Forte 11⅛ 90 £ | 50 | 98⅛ | 98⅞ | +0⅛ | −0¼ | 11.58 |
| World Bank 11¼ 95 £ | 100 | 101 | 101½ | −0⅛ | −0½ | 10.99 |
| CoE 8⅞ 95 LFr | 600 | *†105½ | 105½ | 0 | +0¼ | 7.99 |
| EIB 8⅞ 93 LFr | 1000 | *†105¼ | 105¼ | 0 | +0¼ | 7.53 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn |
|---|---|---|---|---|---|
| Alliance & Leic. Bldg. 94 £ | 0.08 | 99.38 | 99.43 | 10/10 | 10.08 |
| Australia & NZB Perp. | 0.015 | 99.27 | 99.36 | 30/10 | 6.15 |
| Barclays Bank Perp. 1 | 0⅛§ | 100.36 | 100.46 | 2/1 | 7.06 |
| Barclays Bank Perp. 2 | 0⅛§ | 100.15 | 100.25 | 14/8 | 8¼ |
| Belgium, Kingdom of 91 | 0 | 100.29 | 100.39 | 19/2 | 8.06 |
| BNP 5¼ 95 | 0.05 | †101.77 | 101.87 | 12/1 | 6.88 |
| Britannia 5 93 £ | 0⅛ | 99.59 | 99.66 | 8/10 | 10.19 |
| Chase Manhattan Corpn. 91 | 0⅛ | 99.57 | 99.67 | 28/8 | 6.12 |
| Citicorp 98 | 0⅛ | 99.15 | 99.25 | 29/8 | 7.19 |
| Credit Lyonnais 5 00 | 0⅛ | 100.73 | 100.83 | 12/1 | 6.81 |
| EEC 3 92 DM | 0 | 100.28 | 100.36 | 20/8 | 4.44 |
| EEC 5¼ 93 Ecu | 0.0512 | 99.78 | 99.88 | 30/7 | 7.66 |
| Halifax Bldg. Soc. 94 £ | 0.1 | 99.37 | 99.42 | 6/8 | 10.54 |
| Lloyds Bank Perp. | 0⅛ | 100.45 | 100.55 | 9/12 | 7½ |
| Midland Bank 01 £ | 0.1 | 99.61 | 99.70 | 7/11 | 10.06 |
| Milk Mrktg. Board 5 93 £ | 0⅛ | 99.65 | 99.70 | 26/9 | 9.94 |
| NatWest Perp. A | 0⅛§ | 100.43 | 100.53 | 9/1 | 6.94 |
| NatWest Perp. B | 0⅛§ | 100.41 | 100.51 | 10/2 | 8¼ |
| New Zealand 5 97 £ | 0.07 | 99.87 | 99.97 | 14/8 | 10¼ |
| New Zealand 5 01 | 0 | 100.09 | 100.19 | 4/2 | 8.13 |
| Prudential Corpn. 4 95 £ | 0.1 | 99.67 | 99.77 | 5/9 | 9.85 |
| Shearson Lehman Hldgs. 91 | 0⅛ | 99.45 | 99.55 | 6/11 | 6¼ |
| United Kingdom 5 92 | 0 | 100.10 | 100.20 | 7/10 | 7.19 |
| Woodside Financial 5¼ 97 | 0 | 100.05 | 100.15 | 20/10 | 6.81 |
| Woolwich 5 95 £ | 0⅛ | 99.24 | 99.31 | 19/11 | 10½ |

Average price changes on day −0.01 on week −0.14

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 3 99 | 4/84 | 1053 | 248¼ | 250¼ | +3 | 9.44 |
| Fanuc 3⅞ 98 | 1/84 | 7052 | 259½ | 261½ | +1⅞ | 98.74 |
| Fuji Bank 2⅞ 00 | 10/85 | 1672 | 149¼ | 150¼ | +1 | 1.30 |
| Fuji Heavy Industries 3 00 | 8/85 | 676 | 102⅞ | 103½ | 0 | −0.08 |
| Fujitsu 3 99 | 5/84 | 1320 | 129½ | 130⅝ | +3⅞ | 22.63 |
| Minolta Camera 2⅛ 94 DM | 2/86 | 1165 | 101 | 102 | 0 | 57.96 |
| Mitsubishi Bank 2⅞ 00 | 8/85 | 1768 | 142⅞ | 144⅞ | +0⅞ | 1.77 |
| Mitsubishi Trust 2½ 01 | 5/86 | 1608 | 132¼ | 133¼ | +6⅛ | −5.49 |
| Mitsui Bank 2⅞ 01 | 4/86 | 101.9 | 119⅝ | 121⅛ | +0⅝ | −90.02 |
| Mitsui Trust 2⅞ 01 | 10/86 | 1990 | 97⅛ | 98⅛ | +0⅛ | 9.01 |
| Murata 3½ 00 | 7/84 | 2598 | 174⅞ | 176⅞ | −4⅛ | 19.91 |
| Nippon Elec. 2⅞ 00 | 2/85 | 1295 | 225⅞ | 227⅞ | +2 | 100.24 |
| Nippon Oil Co. 3 00 | 5/85 | 923 | 190 | 192 | +5⅛ | 2.56 |
| OKI Elec. Ind. 3½ 99 | 10/84 | 805 | 126⅛ | 128¼ | +2⅝ | 4.79 |
| Sanwa Bank 2⅞ 00 | 10/85 | 1486 | 136⅛ | 137⅛ | 0 | 2.35 |
| Sumitomo Bank 2⅞ 00 | 8/85 | 2142 | 138¼ | 139⅝ | +2⅞ | 6.03 |
| Toshiba Ceramics 3 00 | 4/85 | 1734 | 123 | 124¼ | +0⅛ | 8.33 |
| Nippon Oil Co. 2⅛ 92 SFr | 3/84 | 1052 | *†132½ | 132½ | 0 | 14.79 |
| Nippon Shinpan 2 92 SFr | 3/84 | 881 | *†179½ | 179½ | 0 | 34.53 |
| Asics 5 92 DM | 12/83 | 520 | 119⅝ | 120⅝ | −0⅞ | 9.60 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

**Convertible Bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



## Salomon launches World Bond Index

By Alexander Nicoll

SALOMON BROTHERS yesterday launched a new government bond index designed to provide a benchmark for institutional investors in international markets.

Called the World Government Bond Index, it is made up of fixed-income government securities available to international buyers in nine domestic markets. The US takes up 49.8 per cent of the value of bonds in the index, and Japan 26.4 per cent. The remaining countries, in descending order of weighting, are Britain, West Germany, France, Canada, the Netherlands, Australia, and Switzerland.

The index calculates total return both in dollar and local currency terms. By the end of last month, for example, dollar-based investors would have seen a diversified portfolio as measured by the index improve to 150.99 from an end-1984 base of 100. In purely local currency terms, the increase was only to 129.98.

Salomon's work underlines the growing importance of sovereign debt securties markets to international investors who are encouraged to look outside domestic markets by competitive portfolio management and deregulation.

Mr Jeffrey Hanna, managing director in charge of international bond research, said in London that the securities in the index were worth about $2,000bn. US institutional investment in government securities outside the US was still small at only about $5bn, but this represented sharp growth from $1bn two years ago. The increase was expected to continue given the recent weakness of the dollar and better performance of many non-US markets in recent years.

Meanwhile, other investors have been diversifying more dramatically: Japanese holdings have risen by some $150bn in the same period.

Creation of the new measure also reflects the growing trend, especially in the US, towards indexing portfolios. Investors dissatisfied with the performance of portfolios have increasingly been moving into funds which seek simply to match the performance of a representative index. Salomon sees this as a worldwide trend.

In the longer run, the index could be used as a basis for asset allocation techniques and for derivative products such as futures and options.

Though Salomon's calculations produce a single monthly figure for the overall world performance, they actually represent the compilation of a matrix of fiures from each market, broken down into different maturity ranges.

In each market, Salomon has included all securities of more than one year's maturity that can be bought by international institutions and of which consistent prices are available. This involves some notable exclusions, such as Schuldscheine in West Germany, and UK government bonds of which the return varies in line with changes in inflation.

Salomon plans to give the same comprehensive treatment to the Eurobond and foreign bond markets, which constitute the other two elements of its existing World Bond Index—which itself represents only a sample of the markets concerned—and for maturities only of five years and above.

## Acquisition gives Nedbank new MD

By Jim Jones in Johannesburg

NEDBANK, South Africa's third largest banking-group, is to acquire a new managing director by buying Finansbank, a comparatively small independent merchant bank.

Mr Piet Liebenberg, a founder and the chief executive of Finansbank, is negotiating its sale to Nedbank and is to become Nedbank's group managing director next February.

Separately, Nedbank announced results yesterday which showed that losses on gilt and foreign exchange transactions had cut the group's disclosed profit sharply in the year to September. Profits after tax and transfer to inner reserves fell to R79.7m ($35.3m) from R91.3m.

The group has been badly affected by bad debts and has increased its charge for bad debts to R95m from R55.2m. In addition the bank has provided R245m against its exposure to Triomf, the troubled fertiliser manufacturer which Nedbank was obliged to recapitalise earlier this year.

Earnings dropped to 74.8 cents a share from 101.5 cents and the dividend has been halved to 30 cents.

Finansbank has shareholders' funds of about R 30m ($13.27m) and generates an annual disclosed taxed profit of just over R 5m.

**Steven Butler** on a flurry of issues in a fledgling financial centre

## Singapore market jumps the gun

THE SINGAPORE dollar capital market has taken off with a sudden flurry of fixed-rate issues about six months ahead of its cue. This was supposed to be the launch of a government bond market, which would provide benchmark prices and broader liquidity to support a private sector bond market.

The market was virtually non-existent in September when Citicorp Investment Bank plunged in with a S$100m, five-year, negotiable certificates of deposit issue, the largest and longest maturity such instrument so far in Singapore.

The issue proved extremely well timed and has demonstrated beyond doubt that there is strong demand for such instruments. It has served as a catalyst for what bankers and government officials hope will become a large, highly liquid capital market to underpin Singapore's ambitions as an international finance centre.

A S$100m CD issue by Standard Chartered Merchant Bank in October was boosted to S$150m when demand exceeded expectations, and this has since been followed by several novel issues in the market, including bonds with detachable warrants issued for Keppel Corporation, and Singapore's first mortgage bond, which Citicorp is managing for Hong Leong Holdings.

More than half a billion Singapore dollars of new issues have come out in the last two months and bankers say many more are on the way.

While market participants agree on the cause of these latest developments — the decline of short-term and bank interest rates—there is no consensus yet on whether the demand structure in Singapore can support a large market for medium-term fixed interest debt in the long run and whether demand will dry up if interest rates rise.

With overnight rates having fallen to between 2½ and 3½ per cent, the thinking goes, money that would otherwise be invested in short-term instruments has fled temporarily into medium-term negotiable instruments with interest rates between 6 and 8 per cent.

The alternate view, however, is that, while the decline in short-term rates and the resulting steep yield curve have given impetus to the market, the demand for fixed-income securities—once established—will continue to grow.

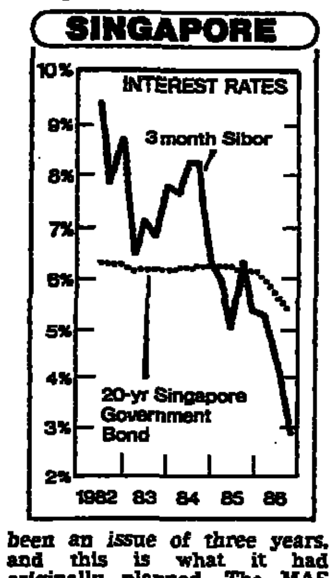
"Those who believe that the market will dry up have not considered the cycle of the flow of funds," says Mr Jerome Rowley, managing director of Citicorp in Singapore. The key he says, is to maintain liquidity in the market, and Citicorp has committed itself to doing this by being a market maker in all the major fixed-interest issues.

So far Citicorp's computer screen lists quotes for only eight issues, but this is likely to grow much longer in the coming weeks.

"We are trying to switch the focus of the corporate treasurer and make him a fund manager," says Mr Rowley. Citicorp's other target is what he calls Singapore's "moms and dads," many of whom attended a series of seminars on fixed-interest investment organised by Citicorp, and later bought securities that were issued in denominations as low as S$10,000.

The Monetary Authority of Singapore, the island states quasi-central bank, has played an important role in nurturing the market. The MAS has often been mentioned as a conservative force standing in the way of a free-wheeling capital market, although most bankers say it never set up any particular barriers. Nonetheless, it has recently adopted a positive developmental role.

Citicorp had calculated that for its own fundraising purposes, the optimum maturity on the yield curve would have been an issue of three years, and this is what it had originally planned. The MAS then encouraged Citicorp to lengthen the maturity to seven years, a move that would have considerably raised Citicorp's costs.




The compromise was that Citicorp issued five-year certificates while the MAS granted Citicorp a four-year waiver of statutory liquidity reserve requirements on the issue, making it far cheaper. Standard Chartered obtained a similar deal for its issue.

The souring of the commercial loan market in Singapore in the wake of the collapse of property prices and the recession, however, has sent banks in search of new ways to make money, placing renewed emphasis on fee-based business. Even so, growth of the market has been faltering because of the difficulty of pricing issues in the lack of a broader market for reference.

The market will take an important leap forward in March next year when the MAS will launch the new government bond market, issuing $7bn in the first year with maturities up to five years. Five Singapore institutions were selected to be primary dealers, including the "big four" domestic banks.

Four international institutions, including Citicorp, Credit Suisse, First Boston and Indosuez Asia, were disappointed in their bids to become primary dealers, and instead were appointed "registered dealers" — a status that has obligations but no apparent benefits. They are required to make markets on all issues, and quote two-way prices, but have no access to the central bank, making them at least in theory vulnerable to a predatory action on the part of a primary dealer.

Banks that are not registered dealers may still make markets but have the option of not issuing quotations should they face a liquidity problem.

This anomaly reflects the expectation that registered dealers will eventually be granted primary dealer licences. It is assumed that the MAS has delayed granting such licences to these institutions in order to allow domestic institutions the opportunity to develop a skills base before putting them in direct competition with the international giants.

## Manufacturers Hanover manages Samurai

BY YOKO SHIBATA IN TOKYO

MANUFACTURERS Hanover's Tokyo branch is managing the first Samurai privately placed bond issue to be arranged by a foreign bank. Two Japanese arrangers, Mitsui Bank and Fukoku Life Insurance, are also in the management group.

The Y3.2bn issue is on behalf of Deutsche Siedlungs und Landesrentenbank, a state sector financial institution. It is expected to have a maturity of five years and to carry an interest rate of 6.3 to 6.4 per cent.

The Ministry of Finance recently announced a decision to let foreign banks active in Japan arrange private placements of yen-denominated Samurai bonds for foreign borrowers.

This decision reflects in part the deregulation by the MoF of the entire private placement business. Japanese commercial banks were permitted just over a year ago to act as lead arrangers, while life insurance companies were allowed last June to act as co-arrangers of private placements. Traditionally these activities had been confined to the four big securities houses, the trust banks and the long-term credit banks.

A second consideration for the MoF was the desire to provide business opportunities for foreign banks in Japan. Many have been investing large sums to launch themselves aggressively into the securities business to compensate for the shrinking of their traditional lending activities.

Officials in Tokyo expect the foreign institutions which have acquired securities licences to be vociferous in their demands to be allowed to enter the private placement business, since there appears to be no logical reason to exclude them.

RETAIL MARGINS IMPROVE FOR THE FOURTH CONSECUTIVE YEAR

# Sainsbury's £124m beats City forecasts

J. Sainsbury, Britain's largest supermarkets operator, increased its profits from £92.4m to £123.3m pre-tax over the 28 weeks ending October 4 and shareholders are to benefit via a 0.4p increase in their interim dividend to 2.05p net.

City analysts, who had revised their forecasts upwards in the light of recent figures from Tesco, were looking for Sainsbury to produce profits of £120m at the top end.

By the close of business yesterday Sainsbury's shares were showing a rise of 5p at 423p.

The profits increase of 33.7 per cent was the group's largest for five years and reflected above budget growth in sales of existing stores and further improvements in efficiency throughout the business.

Productivity increased by 5 per cent and price competitiveness further strengthened against major competition. Retail margins increased for the fourth year running, rising from 4.65 per cent to 5.51 per cent.

Group sales for the half-year improved from £1.83bn to £2.09bn, including VAT, and retail profits increased by £29.9m to £115.1m.

Supermarket sales grew by 13.6 per cent with two-thirds of the growth stemming from new stores. Sales volume growth of 11 per cent compared with 9.3 per cent a year ago. The directors pointed out that the level of food inflation during the period was the lowest for 20 years.

Seven supermarkets were opened in the half-year and are at present trading "very successfully." A further eight will open in the second six months, five before Christmas.

The Homebase subsidiary increased its sales by 27 per cent to £61.9m and its profits by 31 per cent to £2.1m. Five new Homebases will open in the current year, bringing the number of outlets to 33.

Strong in-store growth and good cost control enabled the SavaCentre associate to lift its profits before tax by 43 per cent to £8.3m. The directors said the company continued to have the lowest food prices of any hypermarket or superstore group.

Shaw Supermarkets, the US associate, increased its sales area by 12 per cent and saw its pre-tax profits grow by 5 per cent to $15.9m (£11m).

In all, the associates' contribution to profits improved by £1.3m to £8.5m.

Group profits for the half year included interest income of £1.2m (charge £0.4m). Tax rose by £10.9m to £43.2m and left net profits at £80.3m, an improvement of 33.6 per cent over last time's £60.1m.

Earnings advanced from 8.6p to 11.38p per 25p share.

Profit sharing for the 1985-86 year amounted to £15.8m, of which over £7m was taken in the form of 1.8m shares by 13,000 employees—nearly half those eligible to choose shares. This was the highest proportion of employees to take shares since the scheme's introduction in 1980.

As usual, no provision for profit sharing was made in the half year's accounts, since the level of profit share is dependent on the full year's results.

Group profits for the 52 weeks to March 22 1986 rose from £168.5m to £208.5m before tax and profit sharing.

See Lex

Sir John Sainsbury, group chairman.

# Dock estate development crucial to MSC bid

By Ian Hamilton Fazey, Northern Correspondent

THE BOARD of the Manchester Ship Canal Company, which is resisting a bid by Highams, yesterday revealed that it had received a £70m offer to develop its Barton Dock estate.

It said that this showed the in adequacy of the Highams bid, which values the whole company at only £37m.

The estate is the key to the bid because Highams' chairman, Mr John Whittaker, a successful property developer, wants to build a large retail complex there.

In a circular sent to shareholders yesterday Mr Donald Redford, the MSCC chairman, says:

"Another UK development company has recently submitted proposals to your board. These would offer a range of options exercisable in the event of an application ofr planning permission succeeding.

"Under one of these options, MSCC would sell the freehold interest in the site for an amount in excess of £70m in cash, payable when the development is completed.

"This places a potential value on Barton Dock estate which represents by itself approximately twice the value of Highams' offer for the entire company."

Meanwhile, Highams announced yesterday that it had bought another 1,273 preference shares, bringing its total holding of these shares to 78 per cent. Combined with its holding of ordinary shares it has 34 per cent of the company but, with the voting structure tapered to favour small shareholders, it still has less than 40 per cent of voting rights.

The bid's main shareholder opponents are led by Harrap, the publisher, whose chairman Mr Nicholas Berry, is an MSCC non-executive director and also holds 700,000 shares personally. Other major holders are those of Globe Investment Trust and Gresham House.

The voting structure means that the bid is deadlocked and Highams has admitted that it cannot practicably split its holding among nominees to gain more than half the shareholders' votes, as it once claimed it could.

Mr Berry said yesterday: "If Mr Whittaker wants the company, he is going to have pay a price that reflects its true value."

The market price of MSCC ordinary shares before yesterday's circular was at 688p—63p per share above the Highams offer. The preference share price of 305p was 4.5p up on the offer.

Meanwhile, MSCC shareholder directors also revealed yesterday that restrictions imposed in September by Manchester City Council—for historical reasons it has a legal right to a majority of one on the MSCC board—had been quietly lifted.

# Unilever up 23% in third quarter with all-round advance

AN ALL-ROUND advance helped Unilever to report pre-tax profits ahead by 23 per cent from £244m to £299m, easily beating the market's expectations of about £275m in the third quarter of 1986. That made the improvement in the nine months 20 per cent with a total of £812m, against £677m.

The directors said that in Europe operating profit was 7 per cent higher with all the consumer businesses helping to produce the improvement in both margins and volume. There were particularly strong gains from ice cream and edible fats.

North America showed strong volume growth and improved profits up from £23m to £37m and the businesses in the rest of the world where profit rose to £91m (£69m) continued to perform very well, they added. There were encouraging results in the far east and South America.

The group result was achieved on turnover 4 per cent lower at £3.91bn (£4.08bn). That was the result of lower material prices contributing to lower selling prices and the disposal of a number of businesses. The nine months total was down at £11.77bn, against £12.57bn.

The company also announced its interim dividend of 14.99p, up from last year's 11.57p. Last year there was a total payment of 38.62p on pre-tax profits of £462m.

Operating profit for the quarter was £47m higher at £287m, making a nine-month total of £792m (£684m). But there was a lower contribution from associates at £10m (£17m), mainly the result of difficult trading conditions in West Africa, directors said.

Income from fixed investments was £5m (£1m) and net interest charges were lower at £3m against £14m. Directors said that was the result of strong cash flow during the period.

The tax charge was £124m (£101m) less an adjustment for previous years of £4m (nil) and minorities took £10m (£11m). The difference on translation of 1986 results at end of September 1986 exchange rates added a further £13m to make attributable profits of £182m, an increase of 38 per cent on the comparable £132m. The total for nine months was £477m, against £351m.

Earnings per share for the quarter were 48.77p (35.3p) giving 127.44p against 93.77p for the nine months.

The shares closed at £20⅞, up £⅛ on the day.

See Lex

# News Corp raises profile with London listing

BY DAVID GOODHART

News Corporation, the Australian holding company for Mr Rupert Murdoch's international media interests, will today acquire a listing on the London Stock Exchange.

The company—now capitalised at over £2bn—is already listed in Sydney and on the New York Stock Exchange, and is coming to London to raise its profile in the UK-based financial markets and to further broaden its shareholder base.

The News Corporation subsidiary, News International which owns the Times, Sunday Times, News of the World and Sun, has had a long-standing quote in London and that will remain.

Mr Richard Saracen, the News Corporation finance director, said there was no current intention to buy out the existing News International minority shareholders.

Mr Saracen also revealed that News Corporation has repaid more than half of the US$1.15bn of preference shares in Fox Television which were issued in March to help finance the acquisition costs of six TV stations from Metromedia.

In July $460m was repaid, and a further $230m at the end of October. Mr Saracen said that the rest of the preference shares will be converted into cheaper forms of borrowing within the next 12 months "and probably within nine months." News Corporation has just spent another $105m buying 34.9 per cent of the South China Morning Post with an option to buy control.

Mr Saracen said that News Corporation currently deals with over 50 banks around the world and has borrowings of over $50m with more than 20.

In its last accounts News Corporation had debt of about A$2.5bn preference shares valued at A$1.75bn and shareholders funds of A$1.5bn. If preference shares were treated as debt its gearing would have been over 250 per cent in June, and if treated as equity gearing would have been under 80 per cent.

Following the recent refinancing—which will give News Corporation considerably cheaper borrowing — the company is predicting net profits (after interest) of A$300m in the year to next June.

# Burns-Anderson rejects £21m bid from property developers

BY CHARLES BATCHELOR

Burns-Anderson, the Manchester-based financial services, shop-fitting and motor distribution group, last night rejected a £21.5m cash takeover bid from two West Midlands' property developers, Mr Roy and Mr Donald Richardson.

The bid announcement and a raid on Burns' shares by the Richardsons' brokers pushed Burns' shares 21p higher to 106p at one stage yesterday, but they eased slightly later to close 19p higher at 104p—½p above the bid level. It was not immediately clear how many extra shares the brokers, Ashworth Sons & Barratt, had bought.

The Richardsons, twin brothers in their mid-50s, are making their bid through Dudley Ltd, a private company which owned a 2.63 per cent stake in Burns before the bid was made.

Their first involvement in a public company was last August when, again through Dudley, they acquired a 40.6 per cent stake in Regentcrest, a quoted Belfast-based property investment and development company, and became chairman and deputy chairman respectively.

Regentcrest, which is acting in concert with Dudley, held a 9.52 per cent stake in Burns before the bid was launched.

Mr Peter Scott, a Regentcrest director, said that if the bid succeeded there were no plans to change the management of Burns.

The Richardsons regarded Burns as a good investment outside the property sector, he added. Burns increased pre-tax profits by 80 per cent to £664,000 in the six months ended March 1986 on turnover up from £16.6m to £21.8m.

It has forecast profits will rise to at least £1.7m in the year ended September 1986, compared with £940,000 the previous year.

Financial services—a merchant banking service aimed at small and medium-sized companies and a personal financial planning operation — were estimated to have contributed about half of Burns' profits, Mr Scott said.

Mr Scott said the bid was being made through Dudley for cash rather than by means of Regentcrest shares because, given Regentcrest's market capitalisation of just £6.5m, this would have been 'to much of a paperchase.'

Burns' is advised by N. M. Rothschild.

# Throgmorton facing opposition

BY CLAY HARRIS

PROPOSALS FOR a major restructuring of Throgmorton Growth Trust are meeting opposition from some holders of the listed investment trust's capital loan stock.

Stockbroker T. C. Coombes said yesterday that a "certain number" of capital loan stock holders had appointed it to vote against the proposed changes and an £8.1m rights issue.

TSGT was founded in 1967 as a two-tier investment trust. Its management now proposes to repay two years early 99p of the capital stock's 100p nominal value, to reduce capital shareholders' entitlement to future net asset value growth to 75 per cent, to abandon a system under which capital stock could be tendered to the company beginning in 1988, and to wind up the trust in 1999.

It also proposes early repayment of £4.3m in debenture stock.

Coombes said yesterday that the proposals would operate against the interest of capital loan stock holders. New capital shares would stand at "very substantial discount in the market" because of the reduced entitlement. The 1999 redemption date marked a further 13-year period without dividend income.

The stockbroker declined to disclose how many investors it was speaking for. The trust's proposals require the approval of 75 per cent of both classes of shareholders at meetings on November 21.

TSGT said yesterday that the proposals had been drawn up with equal regard to both classes of shareholders. Gross redemption yields for ordinary and capital shares, calculated for a variety of dividend and capital growth rates, were within ½ percentage point of each other.

# LCP spends £13m in US autoparts purchase

BY NIKKI TAIT

LCP, the Midlands-based company which is currently fending off a £153m bid from Ward White, yesterday announced that it is boosting its US autoparts interests via a $9m (£6.3m) cash purchase in Florida.

Through its wholly-owned US subsidiary Whitlock which retails car parts via 90 stores in the mid-West and north-east —LCP is buying Rose Auto Stores — Florida Inc based in Fort Lauderdale.

Initial purchase price is $9m (£6.3m), which gives LCP full control. However, the company has agreed to pay a further $7m provided certain profit targets are met in the following four years.

Rose Auto Stores has warranted that pre-tax profits in the 12 months to end-September 1987 will be not less than $1.3m—similar to the figure made last year, before family disbursements—and to qualify for the additional sum, management must produce profits of $3m in 1990. Sales are about $80m a year.

David Rhead, LCP chairman, said yesterday that the company now planned to close a few of Rose Auto's 55 outlets, enlarge others and add "superstores"—12,000 sq ft a piece—on three new sites. LCP, he added, first looked at Rose Auto in the early 1970s and has been in discussions since the spring.

Florida is considered an attractive area of operation because of its relatively dense population. Last weekend, Ward White, which has its prime interest in LCP's Whitlock subsidiary, said that it was talking to Discount Auto Stores, another Florida-based chain. "Discount is up for sale and we looked at it. But we thought Rose was a more attractive company," Mr Rhead said.

# Bid for Heath not to be referred

PWS Holdings, insurance broker, has been given the official green light to proceed with its hostile bid for rival broker, C. E. Heath. The Department of Trade and Industry said it is not to refer the bid to the Monopolies and Mergers Commission.

PWS, which announced a revised final offer for Heath on Monday, said yesterday that it had received acceptances of its initial offer from the holders of 0.2 per cent of Heath's shares. PWS owns a further 0.8 per cent.

# Bryson Oil in £7m cash call

Bryson Oil & Gas, Belfast-based unquoted oil and gas explorer and producer, is raising about £7.1m by a one-for-one rights issue of 10.48m shares at 70p. The issue has been underwritten by Charterhouse Investment Management and Mr D. H. Caspary, who will become chairman and managing director.

The company also announced that in the first half of 1986 it fell into losses of £24,078 pre-tax, against £16,419 profit last time, on turnover down at £108,638 (£124,643). There was again no tax charge.

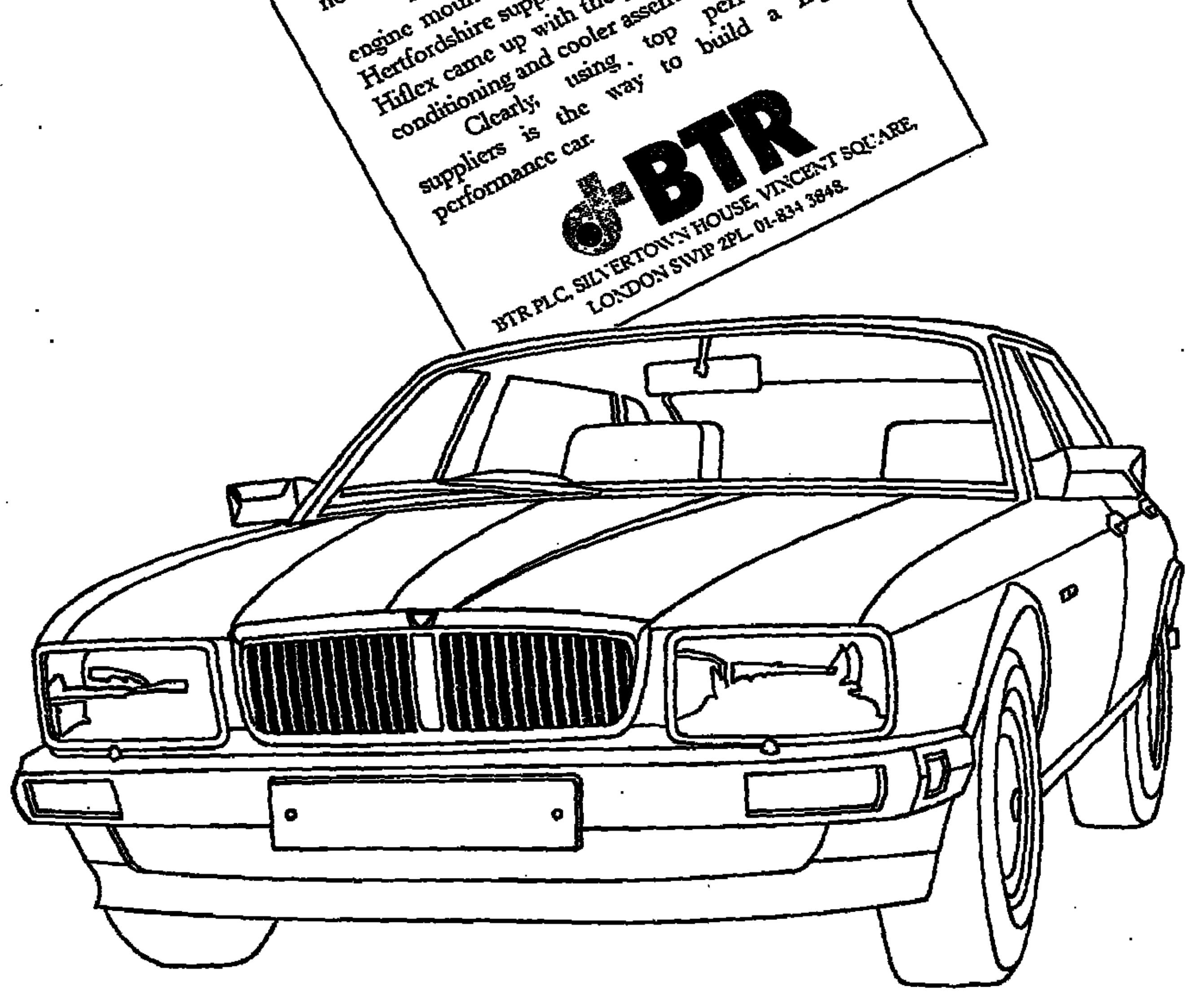
# Ogilvy reduces Davidson stake

Following the offer for Counter Products Marketing by Davidson Pearce Group made last month, Ogilvy and Mather, a subsidiary of Ogilvy Group Inc. (together with its subsidiaries the Ogilvy Group) has placed 2,055,000 ordinary shares in Davidson Pearce at 125p each.

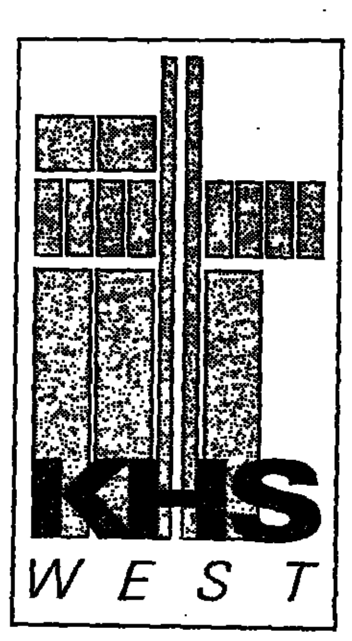
Ogilvy said that the merging of Davidson Pearce (DPG) with Counter Products Marketing (CPM) would have diluted Ogilvy's investment in the enlarged group to approximately 15 per cent (23.5 per cent) and consequently Ogilvy Group would no longer have been able to equity account in respect of its holding.

Ogilvy has reduced its holding in DPG to 1m ordinary (7.7 per cent or 4.8 per cent of the enlarged group) which it intended to retain as an investment on a long term basis.









## UK COMPANY NEWS

# Britannia Arrow spends £47m on US expansion

BY CLIVE WOLMAN

Britannia Arrow Holdings, the UK's largest quoted investment management company, yesterday announced that it was taking a 45 per cent stake in a US investment management business, Invesco, as part of a global diversification strategy.

The deal will cost Britannia $67.5m (£47.3m) with another $5m becoming due in 1988 if certain tax changes take effect. Britannia is being given an entitlement to 45 per cent of the profits of the new limited partnership which is being formed. Invesco's managers will retain the rights to the other 55 per cent.

Invesco currently has about $9.5bn (£6.6bn) under management, a tenfold increase over the past seven years, while Britannia Arrow has about £8.5bn.

To finance the deal, Britannia is expanding its share capital by just over 17.5 per cent through a placing with the merchant bank, Morgan Grenfell. Ordinary shareholders will be able to subscribe to the issue by receiving one new share at a price of 140p for every 6.492 shares they hold. Britannia's share price fell from 152.5p to 147.5p yesterday after the announcement. The holders of warrants and convertible loan-stock will also be able to subscribe to the issue.

Any new shares not taken up will be purchased by the investment clients of Morgan Grenfell and of Cazenove and Co and Rowe and Pitman, brokers to the placing. Mr Robert Maxwell, whose Pergamon Holdings took a 17 per cent stake in Britannia last winter to protect it from a takeover bid, has agreed to take up his allocation.

Britannia is also to acquire a small broker-dealer and investment management company, Gemini Capital Management, which was formerly the Atlanta branch of Schroder Capital Management until it was acquired by Invesco shareholders in 1983. The unaudited management accounts of Invesco and Gemini for the nine months to September 30 show pre-tax profits of $17.2m (£12.0m). The net assets of the two companies on December 31 were $1.5m (£1m).

The new Invesco partnership, which is based in Atlanta, Georgia, will create an advisory board of one to three members to be appointed by Britannia, whose chairman will be Mr David Stevens. Mr Stevens took over the management of Britannia's fund management operations in June after Britannia merged with MIM, a former Midland bank investment subsidiary which he headed.

Mr Stevens said yesterday that Britannia hoped to use the acquisition as a way of winning contracts from Invesco's US pension fund clients to manage their overseas investments. Britannia currently manages just $150m of US pension fund money, mainly as a result of MIM's former link with Aetna Life and Casualty.

Britannia already owns two fund management houses in the US, Gardner & Preston Moss and Financial Programs, which manage nearly $5bn of assets mainly for smaller pension plans and mutual funds.

# McCorquodale buy-out plans could be blocked by minorities

BY DAVID GOODHART

THE BATTLE for control of McCorquodale between Norton Opax and the management buy-out team intensified yesterday when Samuel Montagu, advisers to Norton, raised the possibility of the buy-out being unable to take control because of the blocking role of minority shareholders.

Norton hopes to win more than 50 per cent of McCorquodale before November 21 when its bid closes. But it is now trying to persuade McCorquodale shareholders that if it does not win control on that date it is not certain that they will have the option of taking the 310p a share cash offer from the buy-out team.

Mr Ian McIntosh, head of corporate finance at Samuel Montagu, said: "McCorquodale and its advisers, who are recommending the buy-out offer, have failed to warn shareholders that the buy-out offer could be blocked unless it gets more than 90 per cent."

Samuel Montagu owns about 15 per cent of McCorquodale and Mr Robert Maxwell, who has, to date, supported Norton, owns a further 22 per cent, of which 19.1 per cent has already been pledged to accept Norton's share offer.

Mr McIntosh suggested that the buy-out team would not be able to satisfy its financial backers that it could make the annual repayments unless it was able to win more than 90 per cent, which would allow compulsory purchase of the outstanding shares, and take the company private.

If Montagu refused to sell its stake the buy-out team would probably go to court to seek a reconstruction. If that failed then the company could not go private and the buy-out team would have to try to make repayments from dividends. The taxation of profit and then dividends would markedly reduce the sums available and probably make the deal impossible.

Although a court would be more likely to support a reconstruction Mr McIntosh stressed that the uncertainty surrounding the buy-out offer should be made clear. Norton's own cash offer is slightly lower at 303p a share and its share offer is now about 310p.

The buy-out offer document is expected to deal with the point made by Montagu but Pru-Bache, advisers to the buy-out team, were unable to say yesterday whether the financial backers were inserting a clause insisting that the deal be supported by 75 per cent, or even 90 per cent, of McCorquodale shareholders.

Mr John Holloran, leading the buy-out, said that neither Norton Opax nor Samuel Montagu could afford to sustain the loss entailed in holding out.

However, Mr McIntosh said that it was Samuel Montagu and not Norton Opax which held the shares and that it could afford to hold out if it felt it was worthwhile.

The buy-out might also fail to win the support of Mr Maxwell in the event of Norton failing. Mr Maxwell was yesterday buying more McCorquodale share in the market and for the first time paid 311p, 1p above the buy-out offer, indicating that he remains more interested in a large equity stake in Norton-McCorquodale.

Mr McIntosh claimed that given the rights of minority shareholders, in British company law, buy-outs might be more difficult in bid defence than they were in the US. "Banks and investors are going to be unwilling to put up the money for buy-outs unless they can be sure of 100 per cent," he said.

"All we are saying is, that given the risk of the buy-out being blocked, is it worth shareholders holding out for an extra seven pence when they are already sitting on a large profit?", he concluded.

## Gulf spells out plans for 'sleepy' IC Gas

Gulf Resources, the US-based company controlled by UK investors Mr David and Mr Frederick Barclay, yesterday published its formal offer document for IC Gas in which it described its victim as "more of a sleepy investment trust than an actively managed industrial company."

The document thinly lays out Gulf's plans for the two main IC Gas subsidiaries, Calor and Century Power and Light, which will be retained if the offer succeeds, while the portfolio of Belgian investments will be sold.

In particular, it plans to "develop Century into a more active participant in the UK oil and gas industry" and provide a "new direction at strategic level to both companies."

The document concentrates on the generosity of the 530p being offered per share, claiming that it is 64 per cent higher than the price before the bid was made in March; and pointing to the underperformance of the shares before the bid was announced.

Gulf warns that although IC Gas is likely to produce a large increase in profits this year, the boost will come from lower LPG purchasing costs brought about by the fall in the oil price.

IC Gas replied quickly to the offer statement, claiming that th e£750m bid is "an unacceptable and opportunistic attempt to acquire IC Gas at a very cheap price," arguing that the value of its assets "substantially exceeds the offer.

The high cost of its borrowings, the intended rapid asset disposals, the resulting tax liabilities and the requirement to make a profit as well as to satisfy its bankers, mean that Gulf Resources is not paying a full and fair price," the IC Gas statement says.

It also questions whether the effect of repaying meeting the substantial interest payments on the debt might stunt Calor's business.

## Helical to get £4.5m boost

HELICAL BAR, the property developer and manufacturer of steel reinforcement, will receive a £4.5m boost in its pre-tax profits in the current year from its share of a first payment due in December 1986 as part of the contracts it has exchanged with BP Properties for the sale of 48 Chiswell Street, London EC, a 100,000 sq ft freehold office development.

And further payments due in 1987 will provide a similar amount of pre-tax profits to the company for the year to January 31 1988.

Yesterday Helical shares moved up 43p to 461p before closing at 453p. The year's low was 58p. Last week Helical reported pre-tax profits trebled to £434,000 in the six months to August 1986.

### Helene talks end

Shares in Helene of London eased 5p to 27p after the clothing group said that talks on a possible takeover approach had ended without agreement on the terms of any offer.

### Electronic Machine

Electronic Machine Company shares were suspended at 85p yesterday after the Surrey-based maker of optical systems, tracking radar and electronic devices said that an announcement was imminent.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Apricot ..............int | nil | — | 0.35 | — | 0.35 |
| J. Bibby & Sons ......... | 5.5 | Jan 14 | 4 | 8.25 | ¶5 |
| Clyde Blowers ......... | 6.32 | — | 5.99 | 7.15 | 6.82 |
| Cosalt ..................... | 2.25 | Jan 21 | 2 | 3.5 | 2.75 |
| De La Rue ...........int | 2.75 | Jan 5 | 2.75* | — | 11* |
| GEI Intl ...............int | 1.94 | Jan 16 | 1.94 | — | 5.85 |
| Goldsmiths Group ...int | 2.5 | Jan 12 | 2 | — | 7.5 |
| Hambros Inv Tst ...int | 1.2 | — | 1.2 | — | 4.5 |
| Microfilm Repro ...... | ‡2 | — | 1 | 3 | 1.5 |
| Moorgate Mercantile int | 0.65 | — | 0.5 | — | 1.6 |
| New Court Tst ......... | 11 | — | 10.13 | 15.7 | 14.25 |
| J. Sainsbury .........int | †2.05 | Jan 16 | 1.65 | — | 5.5 |
| Scott's Rest ............... | 3.3 | — | 3.3 | 3.3 | 3.3 |
| Town Centre Secs ...... | 0.7 | — | 0.6 | 1.1 | 1 |
| Unilever ............int | 14.99 | Dec 22 | 11.57 | — | 38.62 |

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock. ¶ For nine months.

# UK COMPANY NEWS

## De La Rue ahead 10% thanks to electronics

De La Rue, the banknote and security printing group, exceeded City expectations of £17m pre-tax profits for the *half year to September 30 1986* by turning in profits up from £16.4m last time to £18m, an increase of just under 10 per cent. The main impetus behind the improvement was Crosfield Electronics, while De La Rue's security interests moved up marginally.

Group turnover moved forward from £133m to £180m. Security interests saw sales up from £81m last time to £105m; Crosfield Electronics contributed turnover of 75m, up from £52m.

The security concerns saw profits rise only slightly from £10m to £10.5m while Crosfield Electronics profits soared by 43 per cent—up from £3m to £4.3m. Sir Arthur Norman, the chairman, said that Crosfield had fully maintained its progress seen in the previous year when profits of £12m were reported, although exchange rates had proved to be unfavourable.

On the security side, an effective devaluation of the Nigerian Naira and a lack of invoiced sales at De La Rue Printrak, *the group's automated* fingerprint indentification systems manufacturer, had had an adverse impact. However, Sir Arthur confirmed that he expected the latter situation to correct itself through the substantial sales programmed for the second half.

Sir Arthur Norman, chairman of De La Rue.

Sir Arthur Norman, the chairman, said the group has agreed to spend about £5.75m on acquiring Artes Graficas Lerchundi SA, the privately-owned leading supplier of cheques and other security print products to the Spanish market.

The purchase will be through De La Rue's wholly-owned *Spanish subsidiary, De La Rue* Esponola, and will be satisfied in cash instalments over a period of two years. Completion of the purchase of Lerchundi, which *has premises in Bilbao,* Madrid and Barcelona, is expected to take place within three months.

Sir Arthur added that following the creation of a *Second-tier* Foreign Exchange Market (SFEM) in Nigeria, the company had decided to translate its investments in its related company, the Nigerian Security Printing and Minting Company, at the SFEM exchange rate. This would be dealt with by way of an adjustment against reserves in the annual accounts. If the new rate had been applied at the half year to the investment at year end March 31 1986 there would have been a reduction in value of £7.8m.

Share of profits from related companies fell from £5.2m to £4.2m and aftert ax of £5.5m £4.2m and after tax of £5.5m worked through at 9.1p *from a* restated 9.9p to take account of the bonus element of the Rights Issue in June this year and the Capitalisation Issue in August.

The directors declared an interim dividend of 2.75p, unchanged from an adjusted 2.75p last time.

### ● comment

After an acquisition spree, a rights and a scrip issue the markets were expecting rather more exciting figures from De La Rue than a 9.4 per cent pre-tax profits increase and the shares fell 13p to 339p yesterday. However, nearly all the recent purchases have been loss-makers and it will take time for them to turn round. In addition the bank *note printing business* is fairly mature and, solid though it is, future profits growth will have to come elsewhere. Most hopes are pinned on the prepress technology at Crosfield Electronics and the Printrak fingerprinting system which has so far failed to contribute to the bottom line. Further acquisitions, like yesterday's of Artes Graficas, seem likely to follow and with orders coming through at Hastech and CSI, full year pre-tax profits of £56m would put the shares on a prospective p/e of 11.5, about right considering the growth prospects.

### BOARD MEETINGS

TODAY

*Interims:* Allied Irish Banks, Dunhill, External Investment Trust, Great Portland Estates.

*Finals:* L. M. Ericsson, Pennine Resources, Redfearn National Glass, Smiths Industries, Swindon Private Hospital.

FUTURE DATES

Interims—

| | |
|---|---|
| Abbeycrest | Nov 18 |
| Elliott (B.) | Nov 18 |
| Hartwells | †Nov 12 |
| Latham (James) | Dec 3 |
| London Securities | Nov 17 |
| Monks Investment Trust | Nov 25 |
| Racal | Jan 28 |
| Rothmans International | Nov 21 |
| Somic | Nov 21 |

Finals—

| | |
|---|---|
| Jessups | Dec 4 |
| Rodime | Nov 20 |

† Amended.

## Shake up at Cosalt as profits disappoint

Cosalt, with interests in ships' chandlery, caravans, refrigeration and air conditioning, failed to fulfil expectations during the 1985-86 *year* and major board changes have been made.

Mr John Ross has retired as chief executive and a director and Mr Ted Brian, the chairman, has assumed the additional responsibilities of chief executive. Mr John French has been appointed deputy chairman, Mr Bill Wood financial director and Mr John Kelly a non-executive director.

Mr Brian said yesterday that he believed the restructured board would take Cosalt forward, but added that "much work *needs to* be done."

For the 12 months to August 31 1986 the group increased its turnover from £41.39m to £49.4m but saw its profits rise by only £30,000 to £1.68m pre-tax.

It was pointed out that the fall in oil prices had a greater and more prolonged effect than had been anticipated and resulted in *reducing* profits of the chandlery division by some £700,000.

Other activities of the division remained buoyant and action is being taken to develop further those areas and new ones.

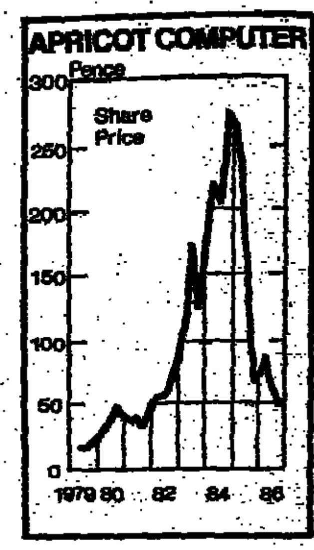
Operating profits (£2.04m, against a previous £1.89m) broke down by divisions as to ships' chandlery £1.29m (£1.91m), caravans £608,000 (loss £24,000), refrigeration and air conditioning £82,000 (loss £71,000) and finance and aviation £56,000 (£197,000)—there was a loss of £124,000 last time from activities now discontinued.

Interest charges for the year accounted for £904,000 (£790,000) and tax for £227,000 (£128,000). There was an extraordinary credit this time of £227,000 (debit £97,000).

Earnings worked through at 8.21p (8.62p) on a normal basis. A final dividend of 2.35p makes a net total of 3.5p, an improvement of 0.75p per 25p share.

## Apricot moves back into profit but omits interim

Apricot Computers yesterday announced pre-tax profits of £2.5m for the *half year* to the end of September. In the same period last year the company *incurred* losses of £4.6m.




However, it is not paying an interim dividend (0.35p) and *is unlikely* to pay a dividend for the full year, because it has a negative balance in its profit and loss account, which stood at £6.7m in March. The company *hopes* to pay a dividend next year.

Turnover for the half-year fell by £15.3m to £32.8m, reflecting Apricot's move out of the high volume, low margin end of the personal computer market.

Mr Roger Foster, Apricot's chief executive, said this was a "year of transition" for Apricot's main computer business, *which contributed* about £25m of sales and £500,000 of profit in the half year.

Sales of discontinued products had made a modest profit in the half year, Mr Foster said, but this had been outweighed by the costs of changing its *products and losses of* £750,000 in Apricot's French subsidiary. He expected losses in France to diminish in the second half as sales of Apricot's new IBM-compatible *machines* came through.

Mr Foster said Apricot's new IBM-compatible machines were selling at the rate of 900 a month at the end of October, which was only about six weeks behind Apricot's initial target.

In the full year, he expected about £60m sales from the computer side. Next year, Apricot projected about £78m of computer sales.

It expects that its computers division will contribute 30 per cent of overall 1986-87 pre-tax profits, with maintenance contributing 38 per cent, and financial systems, 32 per cent.

Next year, the pre-tax contributions are expected to be: computers, 55 per cent; maintenance, 25 per cent; and financial systems, 20 per cent. These projections reflect an increased absolute contribution from the computer division, not an absolute decline in the other divisions.

Mr Simon Hunt, finance director, has been made deputy managing director with additional responsibility for the maintenance and financial systems companies.

Apricot shed another 250 jobs in the half-year, reducing total employment to about 700.

### ● comment

As £3.1m of the £2.53m total profit comes from the financial services unit, Quasar, plus maintenance, Apricot's first half figures suggest that sales of its Xen machine range have contributed at best £700,00. Of the rest, ACT France contributed a £750,000 loss and is probably destined to belong to its management, and the group has gained from the discounted sale of its stock of discontinued F1s. If the second half computer sales can reach £37m then profits should end the year above the £6m mark but just where are the future sales to come from? Apricot is now an expensive (in Far East and Amstrad terms) manufacturer of IBM clones whose main claim to fame is an installed UK base. It lacks a product with a clear market, unlike Alan Sugar, and the endless talk of networking would be more convincing if workstation costs were competitive — Apricot's add-on costs have traditionally been very high as the policy has been to make the user base pay through the nose. This year £6m is in view, reduced from £8m because of the French losses, which has the shares at 58p, down 4p on a prospective multiple of 7.5—very much a gamblers stock.

### IN BRIEF

OWEN AND ROBINSON (retail jeweller) — Acquired Acrogold, importer of gold jewellery *trading as* Regency Jewellers, for £600,000 to be satisfied by allotment of at least 250,000 shares. Acrogold warranted profits for 1986 and 1987 wil aggregate not less than £250,000.

BOULTON AND PAUL, a BET subsidiary, has launched a two-year, £10m investment programme to upgrade its two main joinery plants. Reorganisation involves closure of Boulton and Paul's smaller joiner products plant at Norwich and transfer of current production to its major plants at Melton Mowbray and Maldon.

UNITED FRIENDLY Insurance has exchanged contracts with *Caisse Centrale de Reassurance* and Scor (UK) Group for the acquisition of Federation General Insurance and the freehold office properties in Redhill, Surrey *from which it operates* for a total consideration of £2.1m. Consideration will be satisfied by the issue of 411,765 "B" (restricted voting) ordinary *in United Friendly*.

BRITISH VITA has acquired Midlands-based companies PEC and Glazepta and additionally the related polymeric interests of JMP Compounds and Inversale. *The operations*, which were acquired for £2.16m cash, have an annual turnover of some £5m.

# UK COMPANY NEWS

## Goldsmiths aided by jewellery recovery

Goldsmiths Group, retail jewellers, hotel owners and insurance brokers, produced a pre-tax loss of £267,000 in the six months to August 31 1986 compared with £298,000 previously.

Traditionally most of the group profit is generated in the second half—for the year ended February 28 1986 pre-tax profits totalled £857,000 (£1.62m).

The improvement in the first half was largely due to an excellent performance by the jewellery division—it made a profit of £50,000 compared with a loss of £391,000 on sales of £8.73m (£7.61m). The board said the division continued to trade at a level considerably above last year.

Since the beginning of August five further retail jewellery shops had been acquired bringing the total to 103.

Hotels made a profit of £92,000 (nil) on turnover of £1.96m and would continue to trade profitably in the second half. The division had a high level of forward bookings both for this year and next. Integration of the seven new hotels was proceeding well and should be completed by January 1987.

In October the group disposed of Arnos Court Place for £1.15m.

The board said that although some benefit of its strategy would be seen in the current year, the major impact would be in 1987-88.

In anticipation of that, and in order to reduce disparity between the interim and final, the board has declared an increased interim dividend of 2.5p (2p). Last year's total was 7.5p. Stated loss per share for the half year was 2.78p (3.12p).

**● comment**

When Jurek Piasecki sold off the traditionally contra-cyclical betting division and switched to hotels, he started a race against time to prove his strategy as predators built up stakes in pursuit of his chain of jewellery shops. These figures, which show a marked turnaround in jewellery, may only have sharpened the predators' appetites. Hotels remain the key to Piasecki's struggle to remain independent. If he can show the kind of costs savings at the Prince of Wales which he outlined at the time of the acquisition, the group should be able to make £3.5m pre-tax next year. That would bring the prospective p/e. of 17 for this year on the basis of £1.8m pre-tax, down to 11 next year. If, as seems likely, the insurance division is sold off and the jewellery division continues its improvement, Piasecki should survive. If not, then the bid interest seems likely to give the shares at 204p, down 4p on the day, support.

## Bibby ahead 21% and poised to expand

J. Bibby & Sons reported record pre-tax profits of £37.83m for the year to the end of September 1986, an increase of 21 per cent on the previous year's £31.18m. And Mr Bas Kardol, chairman, said that the company with its low gearing and extensive finance facilities was "well set to embark on an expansionary phase."

Turnover for this industrial and agricultural subsidiary of the South African conglomerate Barlow Rand increased by 14 per cent to £502.59m (£440.53m). Earnings per 50p share came out at 21.01p (17.89p) and the dividend has been raised to 8.25p, against the 5p paid for nine months last time, with a final payment of 5.5p (4p).

Mr Kardol said that gearing fell during the year from 35 per cent to 24 per cent and following disposals made after the end of the period the figures would be down to 4 per cent. "The opportunities for securing funds within an acceptable debt to equity target together with the recently-announced £70m multi-option finance facility provide Bibby with the resources and flexibility to achieve its growth and acquisitions objectives, he added.

Profits were affected by exchange rate movements, particularly the strength of sterling against the dollar and Mr Kardol said that had cut profits by about £1.5m.

There was a trading surplus of £40.46m (£34.46m) with associates adding a further £414,000 (£89,000) and a lower interest charge o. £3.05m (£4.11m). Tax was £13.89m (£11.6m), minorities took £86,000 (£28,000) and there were extraordinary costs of £3.46m (£396,000) relating to disposals and closure and rationalisation costs.

**● comment**

With earnings per share up 17 per cent and borrowings now down to negligible levels, there is little to fault Bibby's management with these results. Prospects for pre-tax profits are also good for this year: the company has rid itself of virtually all activities which were either a poor fit or unprofitable, it should benefit from currency movements and a strong ballance sheet makes acquisitions virtually inevitable. The City is expecting pre-tax profits of about £44m which at yesterday's close of 265p, up 5p, puts shares on a p/e of 11. The low rating results from the 86 per cent controlling interest in the company of Barlow Rand. The South African connection is obviously harmful to Bibby but more damaging still is the narrow trade in shares. Barlow Rand says it is willing to dilute its holding but it is unlikely to do so until the shares go above the 300p it paid for them two years ago. An immediate re-evaluation of the shares is thus unlikely but for the patient investor Bibby seems a good bet.

## GEI feels the draught and profits fall by 29%

THE PREDICTION made at the annual general meeting by Mr Thomas Kenny, chairman of GEI International, that companies in the engineering sector were feeling a mild draught against their profits was borne out yesterday with the news that the company's interim profits had fallen by 29 per cent.

The six months to September 30 saw group turnover fall by £4.89m to £30.88m and profits by £0.51m to £1.24m at the pre-tax level—the downturn occurred in the opennig three months.

Over the six months, all group divisions made money. Mr Kenny said the packaging machinery sector was reutrning to its former glory and the company was now in the top league in the UK as packaging machinery makers.

Bright drawn steel sales to the US were affected by quotas imposed by authorities in that country. The chairman explained that these quotas resulted in excess capacity in Europe with the resultant cutting of sales prices. The specialised steel division did well.

Problems in the commercial vehicle industry forced the group to secure new markets overseas.

Overall, order intake is satisfactory and outstanding orders at September 30 were little changed from a year ago. Cash resources have improved in recent months via a reduction in inventories and debtors.

The directors said that because the profit outlook was "set reasonably fair" they were maintaining the interim dividend at 1.94p net per 20p share. Half-year earnings fell by 0.96p to 1.94p.

Mr Michael Hale joined the group as managing director in July. Mr Kenny said that under his surveillance GEI would return to its previous record of increasing annual profits.

Group's pre-tax profits peaked at £6.82m in 1979-80, but fell to £3.48m the following year. They rose to £4.27m for 1984-85 after three static years and recovered further to £4.51m last year.

## Full SE listing values S. Daniels at nearly £10m

BY RICHARD TOMKINS

S. DANIELS, a London-based importer and supplier of groceries and dried fruit, is seeking a listing on the main market through a £2.7m placing by Robert Fleming, the merchant bank.

The company has two divisions. One sells Vendona's coffee, Danoxa canned food and Daniels sweets to supermarket chains and other food retailers, and the other supplies dried fruit in bulk to manufacturers of breakfast cereals, cakes, biscuits and sweets.

S. Daniels is headed by Mr Paul Daniels, its 43-year-old chairman and chief executive. Mr Daniels took over in May last year when his father and uncle, who founded the business in 1944, retired.

The prospectus shows unspectacular profits progress from £209,000 to £235,000 in the period from 1981 to 1984, but in the year to December 1985 the pre-tax figure climbed to £460,000. At least £925,000 is forecast for the year ending next month.

The profits growth reflects increased sales of coffee and dried fruit and a rationalisation of the canned food range to concentrate on higher margin products. Mr Daniels says benefits are flowing through from the application of professional management methods to a company which was previously run as a family business.

Some 2.1m shares are being sold in the placing at 130p a share, giving S. Daniels a market capitalisation at the placing price of £9.9m. Of the £2.7m being raised, £1.3m will go to existing shareholders and the rest, net of expenses, to the company.

## Charterhall stake in Lookers now 14.96%

Charterhall, the London-listed oil and gas company, has increased from 10.18 to 14.96 per cent its stake in Lookers, the motor vehicle and agricultural equipment distributor.

Charterhall first announced it held a stake in Lookers in September when it disclosed its 10.18 per cent holding. It said then it had bought the shares "for the longer term."

In June, Charterhall swapped a controlling stake in its own shares fro a £9.6m cash injection by Westmex, an Australian investment company controlled by Mr Russell Goward, a former lieutenant of Mr Ronald Brierley.

## Prudential expands its estate agencies further

BY ERIC SHORT

Prudential Property Services, the estate agency arm of the Prudential Corporation, yesterday announced the acquisition of the Kent-based firm of Ward & Partners.

The amount of the consideration was not disclosed, but will be paid partly in cash and the rest in shares of Prudential Corporation, the share element being worth £8.27m. The consideration will be made in two tranches—on completion of the deal, expected by the year end, and six months later.

Ward has 39 offices, employing 360 full and part-time staff. It was one of the largest independent estate agency firms left in Britain. Last year it completed more than 6,000 property transactions worth more than £240m.

The acquisition brings the total number of branches for Prudential Property to 282, confirming its position as the third largest estate agency group in the UK.

Ward & Co operates in Kent, with one office in East Sussex. The acquisition virtually completes the Pru's coverage of southern and south-east England. Expansion to fill in the small gaps in coverage will be made by the main key acquisition firms acting as principal regional offices for Prudential Property.

## Moorgate Mercantile doubles profits

Moorgate Mercantile Holdings, the consumer credit financier, virtually doubled its pre-tax profits from £431,000 to £851,000 in the six months to September 30 1986 on turnover up from £13.2m to £16.91m.

The board said that the sharp increase in turnover stemmed from organic growth in all the group's companies, particularly in the development of secured lending to the small business sector and leasing in a specialised market.

After tax of £298,000 (£172,000), earnings per share came to 2.13p (1.1p). The interim dividend is raised from 0.5p to 0.65p net.

## Microfilm advances to £1.8m

The USM-quoted Microfilm Reprographics almost doubled its pre-tax profit in the year to June 30 1986 with a rise from £939,000 to £1.82m. The dividend is doubled at 3p against 1.5p with a final payment of 2p and a one-for-two scrip issue is proposed.

The Board reported that in the first quarter of the current financial year all divisions were running well ahead of the comparable period for last year.

Microfilm's turnover rose from £5.31m to £8.75m last year: tax took £631,000 (£173,000) leaving stated earnings per 10p ordinary of 14.5p (11.8p).

## Stewart Nairn into losses

Stewart Nairn Group, which underwent a complete reorganisation in August with a reverse-takeover through the purchase of Ossory Investments and Bence Lane Development, has announced a loss before tax of £371,000 against a profit of £933,000 for the year ended June 30 1986.

Mr John Walker, the chairman, stated that the loss was principally due to adverse movements in exchange rates, a loss arising on disposal of the property in Sharjah and lack of profitable turnover.

UK design groups

# The industry faces up to being derated

BY FEONA McEWAN

ALL IS not rosy in the world of British design. Just when the image of this 1980s boom industry appears sharper than ever, with more and more companies at last latching on to this commercial liferaft, word comes of staff lay-offs, dented profits, derated stock and consultancy sell-outs.

So has the tide turned? Has the clarion call so loudly trumpeted by Mrs Thatcher and her government fallen on deaf ears? Has the retail boom that fuelled the growth of leading design consultancies into multi-million pound businesses, levelled out —or worse?

The news that has rattled the industry most is of redundancies. In the past few weeks Fitch, the UK's third largest design consultancy, has laid off more than 10 per cent of its 300-strong workforce, including some freelancers. Allied International Designers, flagship of the troubled Aidcom group, has pruned over 20 per cent of its staff, to leave 130. And McColl, the second largest UK group, has said goodbye to six of its 220 staff.

The takeover upheaval has been even more dramatic. In the space of a few months, Sampson Tyrrell has been acquired by an acquisitive "below-the-line" communications group, WPP; Saunders Design, one of the few remaining family concerns, has bedded down with Wight Collins Rutherford Scott, the advertising agency, and Aidcom has been taken over by Addison Consulting Group, an ambitious management and communications consultancy.

The purchase of Allied International Designers gives Addison its fifth design consultancy, to make it what chairman Steve Smith claims is one of the world's largest design groups. Among other takeovers and mergers, McColl has linked up with leading architects Covell Matthews Wheatley, and the Michael Peters Group has acquired the design offshoot of PA, the large and long-established management and technology consultancy.

On the profits front, the strains are self-evident. Among the publicly-quoted design groups, Fitch has reported a marginal pre-tax profit increase of 1 per cent in the half-year to June, and also a disappointing 13 per cent rise in turnover. Michael Peters Group showed pre-tax profits down 24 per cent for the 1985-86 financial year (also to June), due mainly to investment in property and new services, though turnover was up 44 per cent. Aidcom's 1985 profits were flat.

As a result, the entire design sector, which a year ago could do no wrong, has been derated, along with marketing services, to what brokers call a more realistic level.

Despite all this, any impression of bubbles bursting is met in the industry either with brusque dismissal or calm reassurance. As far as market conditions are concerned, there is near unanimity that, though demand may be shifting, it is far from diving.

More at issue is the innermost state of the industry itself. After its stellar climb from obscurity over the past five years, design consultancy has now become embroiled in the sort of growing up phase that advertising and other more established service businesses have experienced before it.

## Painful

The three issues most exercising the minds of those involved centre on: the future structure of the industry; whether the consultancies have far to travel in building management expertise; and how painful this twin process of maturing will prove to be.

Of the leading design barons, two of the most bullish about the market situation are Michael Peters and Stewart McColl.

"If anything, we're having difficulty coping with the work," says Peters. He has spent this year reorganising his divisions, adding on financial communications and corporate identity in preparation for the Big Bang financial revolution in the City. "I can't talk for anyone else, but I'm quite happy about it all."

Stewart McColl is of like mind. "Without question the retail bubble hasn't burst," he says. "It's only the beginning." In the last two months the company has been invited to handle £59m of business, including three shopping centres worth £13m, £18m and £7m.

At Fitch and Co, Rodney Fitch regards the ebbs and flows of the industry as endemic. "For as long as I can remember people have been laid off in creative services like advertising, film and design."

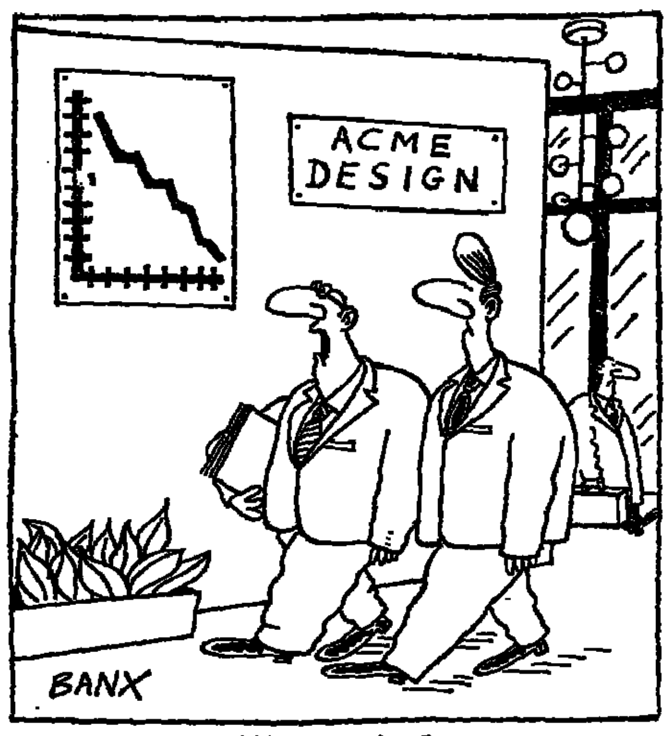
He blames industry commentators—and that includes the design-promoting government—for generating the view that design can do no wrong. "I don't think thinking practitioners expect anything other than a cyclical nature to the business."

Analyst Neil Blackley at James Capel is more circumspect. "The market is still extremely buoyant, especially in packaging, corporate identity and new product development," he says. He does anticipate the retail sector suffering slightly: "Structural refurbishments with high street takeovers are subsidising and are being replaced by lower volume lower cost graphic refurbishment." But he considers that industrial design continues to be a vast potential growth area if only companies would invest in it.

If work from the retail sector does show any sign of slackening, the fallout from Big Bang in the way of financial institutions being forced to address their communications, promises a lucrative hunting ground for the design fraternity.

Some consultancies, such as Wolff Olins, Aidcom and Addison, have long had a strong financial business. Others are now establishing specialist divisions to cope.

Alan Brew, marketing director of Landor Associates, is less optimistic. Despite having recently landed some major financial clients, he feels it remains to be seen whether the financial sector will boom as predicted. "With the exception of building societies and banks there still seems to be very little design awareness," he says. The new refurbishments by Wolff Olins, the corporate design specialists, at the Prudential and at the Midland Bank are exceptions. "People want you to paint the front door and get a brand new identity," he says of a community he sees as "bad at taking advice but so good at giving it."



"It's our new logo"

If opinions differ somewhat on the state of the market, they are deeply divided over the internal health or otherwise of the consultancies themselves. To the likes of Peters and McColl, the current upheaval merely reflects the industry's natural process of growing up. To others — and especially more neutral observers — there is nothing "mere" about it.

At Addison Consulting Group, Steve Smith readily concedes that larger consultancies are having to reassess their direction, become less institutionalised, return to basic instincts, become fleeter of foot and more responsive to client requirements.

Smith's streamlining of Aidcom (a group with disparate activities in technology design, new product development, market research as well as corporate identity and packaging) is a reflection of this general restructuring for future growth. There is a strong feeling in the industry that before its takeover, Aidcom had lost its way.

Capel's Blackley is even more critical of what he calls much "commercial naivety" among some design consultancies. They have no account planning function, he claims, and management in consultancies is a good eight years behind advertising. Also he accuses some companies of "playing around" with applications of design they do not understand.

The consultancies must also do some hard re-thinking about the message they present to potential clients. "Many consultancies are now offering similar solutions," says Brew of Landor.

Richard Dale, also of James Capel, adds a further dimension: the sharpening of competition. "Like any market enjoying fast growth, design is suffering from overpopulation," he comments.

The intensity of competition is one of several factors which will propel many design consultancies towards diversification into other marketing services, just as advertising agencies are now moving into sales promotion, public relations and design. In both directions there will be plenty more takeovers along the way.

Wally Olins, head of Wolff Olins, believes that the design map could eventually polarise into two groups. At one extreme would be the major international communications suppliers, with a broad base of disciplines such as public relations, advertising and design. At the other, there would always be room for the small specialist design consultancy carving its own niche.

Capital investment

# 'Worst-cases' are too rosy

**Michael Skapinker reports on a view of risk analysis**

JASPER ARNOLD is a senior vice-president and manager of the credit department at First City National Bank of Houston. As such, he has wide experience of evaluating and financing capital expenditure projects. From his base in Houston he has also acquired an expert knowledge of the energy industry, which he has watched go from boom to bust.

Many managers take on far too much risk when they finance large capital investments, he writes in the Harvard Business Review*. This is true, too, of sectors other than oil. "The sky has fallen on many industries — textile manufacturing, chemical production, cement manufacturing, commercial real estate development and home computer manufacturing — just when managers thought they had found the pot at the end of the rainbow."

Arnold concedes that companies do draw up a worst-case forecast to see whether they can generate enough cash to service the debt incurred to finance the capital investment. The problem, according to Arnold, is that even these worst-case cash-flow forecasts are too rosy. "High profit potential, personal commitment to the project, or faith in the industry can hamper executives' vision of the future," he says.

To evaluate proposed investment projects, companies should place themselves in the shoes of the lender and carry out, as the banks do, a "staying power analysis" of the business.

Bankers use staying power analysis to decide how much extra money they should advance to a company to cover cash deficits. They also use it to decide whether to defer principal payments on debt until the company's performance improves, Arnold says.

Managers can use it to decide whether the business can stand taking on new debt and to establish the appropriate level of an important capital expenditure. Apart from projected future cash flows, managers need to look at the company's borrowing base—the value that the lender will ascribe to the company's assets. This must be looked at from the lender's point of view, Arnold says. "It is critical to staying power analysis."

Some typical borrowing-base values of assets from the lender's point of view are: accounts receivable are worth 80 per cent of carrying value; inventory is worth 50 per cent of carrying value and land; buildings and equipment are worth 90 per cent of their likely liquidation value. These values might be lower for speciality raw materials or finished goods or for special-purpose manufacturing equipment.

There are four steps to analysing staying power, Arnold says. First, describe a hostile environment for the company. An industrial product manufacturer, for example, would have as its chief risks a steep industry recession and rising steel costs. The company should think about what would happen if both these events took place at the same time.

Then try to quantify the effect of the hostile environment. For example: "Accounts receivable collection period could conceivably rise to 120 days in a severe recession" or "Sales could fall by 30 per cent over two years." Arnold warns that "the future may present obstacles never encountered before. Managers, therefore, should err on the conservative side and estimate results much worse than those seen in the past."

## Cost-cutting measures

Third, do not underestimate what you will need. "Managers without a financial orientation often ignore or underestimate the total amount of money a project ultimately requires. They think in terms of fixed assets — land, building and equipment—and do not think enough about the additional investment in net working capital," Arnold says. A fixed-asset investment might lead to a rise in sales, with the resulting need to carry more inventory.

Finally, look at the cost-cutting measures which will be available when trouble sets in. Whether this involves cutting expenses, cutting the dividend or reducing inventory levels, "it's best to assume that any big cuts will be delayed and slow to take effect," Arnold warns.

To assess the effect of the worst case scenario on the company's solvency, managers need to ask four questions. First, "do we need external financing to get through the bad period?" A company might be able to generate enough cash to deal with any losses after the investment takes place if it is not highly geared, or the project is small relative to the company's size or the company is diversified and its base business can generate enough cash if the new investment turns sour. Such companies have a high degree of staying power.

If the company might have to go back to its lender, it should ask itself whether the lender will have to supply any net new money. Banks will try to work things out with a borrower if they do not have to raise their risk exposure, Arnold says. "Provided that the company has minimal collateral coverage—one dollar of borrowing base for each dollar loaned—they view their existing loans as spilled milk that they hope eventually to recover from cash flow after the borrower has returned to profitability." In such circumstances, banks will probably defer payments on the debt.

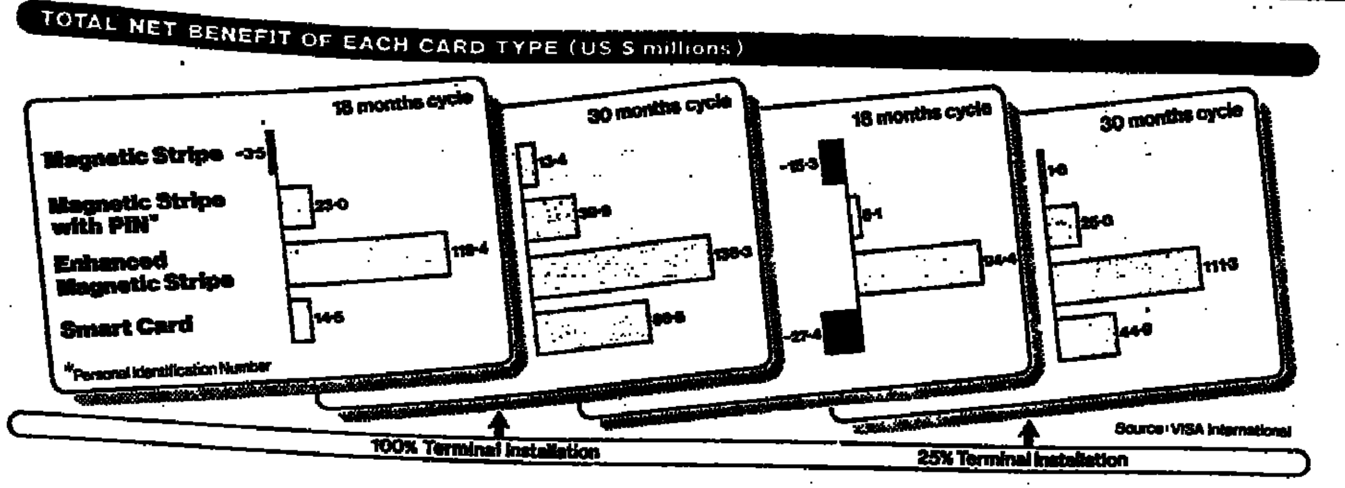
So the third question is whether the company can keep its level of borrowings to its borrowing base. If not, says Arnold, "banks and other lenders do not see themselves as suppliers of money to finance losses; equity capital does that."

Fourth, the borrower should ask itself how it would react to the pressures that will go along with additional lender assistance, such as deferral of payments or advances of new money. Additional security on the loan might be required, interest rates might be increased and management might be pressured to cut expenses, sell assets or find a buyer for the company.

Arnold believes that these procedures will give companies a far clearer idea of their fitness to embark on a capital expansion program. "Then if they want to bet the company, at least they know that's what they're doing."

*HBR, September-October 1986, PO Box 25, 3950 AA Maarn, The Netherlands. Reprint 86502.

TECHNOLOGY




Geoffrey Charlish examines market prospects for intelligent plastic cards

# US and Japan step smartly ahead

SMART CARDS, pioneered for 10 years in France where nearly 3m are now in use, seem about to take off in Japan and the US while most of the rest of Europe, and notably the UK, remains wedded to conventional cards with the familiar magnetic stripe.

In ordinary cards, the stripe, if it is used at all, is read by a transaction terminal (say, a bank cash machine or a credit card authorisation terminal) to check the personal identity number (PIN) entered by the user on the keyboard.

In the smart card, "intelligence" in the form of a wafer-like microcomputer chip with memory is buried in the thickness of the plastic. According to the card's proponents, there are significant advantages in terms of operating cost, security and user convenience.

For example, the card has enough memory to hold details of the holder's account, his credit limit, a record of all previous transactions and a special security number. The microchip will check the holder's identity after he keys in his PIN on the terminal, without the need to go on line to a central computer. It can also carry out the transactions, add it to the list in the card memory and check that the holder's credit limit has not been exceeded.

A more remarkable development is the super-smart card, which has its own tiny keyboard, a display and a miniature battery. With the keys now shifted from terminal to card, the need for the terminal vanishes and the card becomes a self-contained transaction device. The user can even choose his own PIN if he wants to. In the retailing case, after the PIN and transaction details have been entered, the card's display produces a unique number which the retailer uses for authorisation of payment to him by the card company.

The smart card scores further in security terms because the large memory enables it to keep more sophisticated identity data about the holder. For example his signature, fingerprints or even the unique blood vessel pattern on the retina of the eye can be digitised into the memory. The super-smart card adds a further security layer because the PIN never leaves the card electrically and so cannot be intercepted.

According to a report just published by Post-News in Somerset, UK (0935 88245), there are likely to be 20m smart cards in use in France by 1990, approaching 100m in Japan and perhaps 500m in the US, where they will have become the dominant type financial-transaction cards. The report, written by Sarah and Ron Brown and called "The Smart Card," predicts that in the US alone, smart-card deliveries will be running at 100m a year by the early 190s, worth about $500m annually. It puts the ultimate market at over 500m cards annually in the US, worth perhaps $2.5bn.

A compelling reason for using smart cards is the reduction of fraud losses. In 1984 Visa alone lost $102m in the US due to lost, stolen and counterfeit cards, according to the report. Losses in the UK in the same year for all credit-card companies due to fraud was over $21m.

But other advantages are claimed. For example, the continually updated balance on the card ensures that a customer is never able to run over his credit limit. This coupled with fraud reduction should mean that card issuers can extend their customer base with relative safety to people they would otherwise have considered an unacceptable risk. In addition, signature checking becomes unnecessary, so that transactions need not place such a heavy burden on senior sales staff. Paper and administration costs are reduced and because the card has built-in "brains," the card reader is simpler and cheaper.

The disadvantage is the high cost of the cards. Post-News believes that even when costs are projected to 10 years hence, with mass production at the multi-million level, the smart card will cost at least 1.5 to 2 times more than a conventional magnetic stripe card.

For the retailer, the main advantages are that cheques would slowly disappear, along with manual "hot lists" of suspect cards.

Retailers are generally against paying for the necessary terminals, however, whether or not point of sale funds transfer from customer's to store owner's bank account is involved.

There is also the problem for the smart-card proponents that the magnetic stripe product is well established. "Even the most ardent supporter of the smart card," suggest the report authors, "could not expect an immediate overthrow of the magnetic stripe."

One likelihood is that as smart cards are introduced, they will carry a magnetic stripe and will be usable in both types of terminals during a transitional period.

Earlier this year Visa reported to its members about smart cards. Its study concluded that there are three factors critical to the cost effectiveness of such systems: how many terminals are put in the field, how many are in high-risk outlets, and the length of the card reissue cycle (see graph).

These findings clearly would be modified for the super-smart card since no terminals are needed. Currently, Toshiba in Japan is developing a super-smart card for Visa. This development is now in working model form. By early 1988 Visa plans to have a field test and by mid-1989 a full service could be available to member banks throughout the world.

Many "ordinary" smart cards are commercially available. The French Bull CP8 is typical (12.4m have been ordered over three years and Philips and others will provide a further 4m). In Japan, the Casio Micro-card (based on Casio's ultra-thin calculator) has been chosen by MasterCard for trials in Palm Beach, Florida (15,000 users, 25 outlets).

Logicard Systems of New York recently announced a product while the Ulticard, a super smart card, was launched a few months ago by Smart Card International. However, what is probably the most comprehensive range of straightforward smart cards has just been announced by Mitsubishi.

In Europe, Philips and Schlumberger make Bull designs under licence while the most recent introduction has been from GEC in the UK which has a contactless card. This communicates with the terminal by a miniature radio link and improved reliability is claimed, along with low cost.

# Key that could unlock treasures of the deep

A UNIQUE vessel has undertaken a ten-year world cruise to explore the deep-ocean seabed, in a US-organised international research collaboration. Next month it will be Britain's turn to share the position of chief scientist of the Ocean Drilling Programme, which seeks better information about the structure and origins of the earth beneath the deep ocean basins.

This information is of immense interest to geologists trying to understand how the earth was — and still is being —formed. Industry and governments are also beginning to see that it may hold the key to future mineral and energy resources.

A group of oil companies—BP, Britoil, Burmah, Enterprise, Shell UK and Tricentrol —as well as the UK Department of Energy are contributing towards the £2.5m-a-year subscription Britain pays the Ocean Drilling Programme (ODP), about 10 per cent of its total budget.

The ODP's main research tool is a vessel called the JOIDES Resolution, designed for drilling holes up to 10 kilometres deep in deep waters. (JOIDES stands for Joint Oceanographic Institutes for Deep Earth Sampling.) The ship is operated by Texas A & M University on behalf of the international consortium of oceanographic institutions.

Six nations — Britain, Canada, France, Germany, Japan and the US—together with the European Science Foundation representing another nine countries, are partners in the programme. The ODP's managers hope that the USSR and Australia will also join.

The dominant feature of the JOIDES Resolution, formerly BP SEDCO 471, is a tall drilling mast amidships, built to suspend up to 10km of drilling pipes through a hole in the hull. It is a floating research institute for marine geology, with a seven-storey laboratory block which can accommodate about 50 scientists.

It has already succeeded in drilling—for the first time—newly formed basalt rocks in more than 3 km. of water in mid-Atlantic. These young basalts, formed by volcanic activity, may hold the next big

OUT OF THE BACKROOM

by David Fishlock

reserve of metals, once rich terrestrial deposits are exhausted.

The vessel has marked the spot where it drilled, and intends to return and drill deeper, then instrument the borehole. In short, it has begun to create its first unmanned laboratory in the seabed.

The vessel operates a continuous series of cruises, each "leg" lasting about two months, each to a different part of the ocean. Over the next two years, for example, it will sail south from the West Indies to the Weddell Sea and Antarctica this winter, north again to the Indian Ocean and the Red Sea next year, and round the Pacific in 1988.

Its cruise track takes it to places where the scientists suspect a ferment of subterranean activity throughout several kilometres of seabed.

The phenomenon of "smokers" formerly detected only deep in the Pacific, has been discovered in the Atlantic. Molten rock, rich in metal, oozing through the seabed can raise seawater temperatures far beyond the normal boiling point of water at deep-ocean pressures. Water temperatures as high as 350 degrees C, rich in minerals, have a dramatic effect on the development of marine life locally.

Dr Peter Barker of the Natural Environment Research Council's British Antarctic Survey shares the role of chief scientist for the cruise to the Weddell Sea. The US, as the nation funding just over half the cost of the $35m (£25m) programme, normally provides the other chief scientist.

NERC, which co-ordinates Britain's academic and industrial interests in the ODP, has no doubt about its importance as long-range research. Britain has over 100 years of experience with seabed sampling, starting with HMS Challenger in 1872. Mr Hugh Fish, NERC's chairman, sees JOIDES Resolution as an international research facility comparable with, say CERN, the European Laboratory for Particle Physics, near Geneva.

NERC has worked hard to bring industry and government into the programme. But the scientists deliberately avoid places where they believe oil and gas deposits are likely, not least to avoid being blown out of the water, says Dr John Bowman, NERC's secretary, who negotiated Britain's membership of the club. For the more far-seeing parts of the oil business, the interest lies in gaining a better understanding of how deep-ocean basins build up, and where companies should be looking next for oil deposits.

Industry also wants the club's new rock-drilling technology, says John Bowman. It is difficult to get a drill bit to bite into a newly-formed outcrop of basalt. The ODP developed a technique which sticks a guide tube to the rock with many tonnes of cement to get drilling started.

The techniques used to explore the seabed in ferment may also assist two other sources of energy in the future. One is nuclear energy, where government has a serious interest in the possibility of using stable areas of deep-ocean sediment as burial grounds for highly radioactive wastes. As Dr Anthony Laughton, director of NERC's Institute of Oceanographic Sciences, told the UK Government's Parliamentary and Scientific Committee recently, they are attractive because "they are remote from habitation, not easily accessible for later disturbance and might provide the long-term stability required to allow the radioactive isotopes to decay without damage to mankind or the environment."

The other source is geothermal energy. The latest Government economic appraisal of "hot rocks" as a potential future source of electricity for Britain, derived by driving water deep into the earth to generate steam, makes it clear that future prospects depend crucially on greatly reducing the costs of drilling hard rock to depths of about 10 km.*

* An economic assessment of hot dry rocks as an energy source for the UK. By R. A. W. Shock. HMSO, £10.



## Chlorine out as ozone gets in swim of things

SWIMMING POOL water can be purified cost-effectively with ozone rather than chlorine using a system developed by Glasgow company Barr and Wray (041 882 9891).

Chlorine, particularly when used innaccurately in pool systems can be objectional to many people and can cause eye and nose irritation.

The Scottish company's system circulates a percentage of the water through an ozone unit and is claimed to have low installation and running costs, with no ill effects.

## Danes give machines a better sense of position

HYDRAULIC CYLINDERS with built-in electronic position sensing for the pistons have been developed by the Danish company Hvilsted Hydraulics of Hornbaek (220 1988).

An inductive sensor protected by a ceramic shield in the cylinder end cap detects the piston's position. Capable of connecting directly to microprocessor-based control systems, the cylinders should be of particular interest to designers of robotic equipment, automated process assembly and handling systems.

# FT LAW REPORTS

## Conflict of interests displaces liquidator

RE P. TURNER (WILSDEN) LTD.
Court of Appeal (Lord Justice Fox and Sir Denys Buckley), November 6 1986

A LIQUIDATOR who has been displaced by a provisional liquidator cannot be restrained by interlocutory order in winding-up proceedings from dealing with company assets under his control, in that an interlocutory injunction is ancillary to proceedings and cannot be granted against a non-party.

The Court of Appeal so held when dismissing in part and allowing in part an appeal by Mr Stuart Edgar from a decision of Judge Fitzhugh sitting as a High Court judge, refusing to discharge an order for the appointment of a provisional liquidator of P. Turner (Wilsden) Ltd, and refusing to discharge an injunction made against Mr Edgar on the application of the provisional liquidator in winding-up proceedings.

* * *

LORD JUSTICE FOX said that two companies, P. Turner (Wilsden) and P. Turner (Electrical) were under the control of Mr Percy Turner and his wife.

Wilsden was incorporated in 1969 and Electrical was incorporated in 1978. In April 1986 Wilsden ceased to trade and Electrical started to trade.

Mr Edgar was a certified accountant. He became involved with the companies in June 1986. His evidence was that he was approached by Mr Turner because Wilsden was in severe financial difficulties. In his affidavit he deposed that his first investigation showed Wilsden was hopelessly insolvent; that it had during the previous three or four months been run in tandem with Electrical; and that it was apparent that Electrical might have built up its profitable and solvent position on the backs of Wilsden's customers and by taking over some of its existing contracts.

On June 20 a judgment creditor presented a petition for the compulsory winding-up of Wilsden. On June 27 Wilsden went into creditor's voluntary liquidation and Mr Edgar was appointed liquidator. On the same date Electrical went into members' voluntary liquidation and Mr Edgar was appointed liquidator.

At a meeting of Wilsden's creditors it was indicated to Mr Edgar on behalf of certain creditors that there was a conflict of interest between his position as liquidator of Wilsden and liquidator of Electrical. His answer was that there was no conflict and it was in the interest of creditors of both companies to have the same liquidator because of mutuality of dealings.

The creditors proposed that there should be joint liquidators —a Mr Priestley and a Mr Ashworth. However, since the number of proxies held by Mr Edgar exceeded the number of creditors opposing him the objection to his continuance as liquidator failed.

On July 1 the petitioning creditor applied *ex parte* to the Registrar in the winding-up proceedings against Wilsden for the appointment of Mr Priestley as provisional liquidator. The Registrar made the order. The effect was that Mr Edgar's appointment ceased.

On July 2 Mr Priestley made an *ex parte* application to Judge Fitzhugh.

The judge made an order restraining Mr Edgar from dealing with certain of Wilsden's assets which were under his control.

Mr Edgar and Electrical applied to Judge Fitzhugh to set aside the Registrar's order of July 1 and the judge's own order of July 2. The judge dismissed both application. Mr Edgar appealed.

The appointment of the provisional liquidator was necessary. There would be a sharp conflict of interest between Wilsden and Electrical because Electrical might have acquired, without consideration, assets of Wilsden. It seemed essential that Wilsden's interests be looked after by an independent liquidator.

Accordingly, the Registrar was right to make the order of July 1, and Judge Fitzhugh rightly refused to discharge it.

The order of July 2 was made on an *ex parte* application in proceedings for compulsory winding-up. Mr Edgar was not party to those proceedings and the relief sought and granted on July 2 was not specifically authorised by any provision in the Companies Act.

It was said on behalf of Wilsden that the court in winding-up proceedings had jurisdiction to decide a claim between the company and a stranger, though it did not fall within the Act, if it was a claim which needed to be decided in order to complete the collection and distribution of assets (see *Shilen Hosiery [1980] Ch 219*).

The relief granted on July 2 was, it was said, within that principle, since it was concerned with the identification, collection and preservation of Wilsden's assets.

Mr Oliver, for Mr Edgar, argued that the proceedings were defective. Relief, final or interlocutory, could only be granted against Mr Edgar in proceedings to which he was a party.

In *The Siskina [1979] AC 210, 254* Lord Diplock said that the High Court's powers under section 45(1) of the Supreme Court of Judicature (Consolidation) Act 1925 to grant an injunction by interlocutory order "presupposes the existence of an action, actual or potential ... to which the interlocutory orders ... are but ancillary."

Order 29 rule 1(3) of the Rules of the Supreme Court was consistent with that principle—"an application for the grant of an injunction may be made by any party to a cause ... before or after the trial ..."

Thus final relief could only be granted on trial of the action or other originating process, and interlocutory relief could only be granted as ancillary to and, in effect, protective of a claim for final relief.

In the present case there was not, on July 2, any *lis* to which Mr Edgar was a party. Before relief was granted against a person there must be, if not actual proceedings, potential proceedings against him. In a case of urgency it would be proper for the judge to grant relief on an undertaking to issue the appropriate proceedings forthwith.

The order of July 2 was made in the void. There were neither proceedings nor projected proceedings against Mr Edgar. It was therefore an order which the judge should not have made.

Upon Mr Priestley's undertaking to issue a summons against Mr Edgar within three days the court would be prepared to deal with the matter by accepting certain undertakings from Mr Edgar.

Mr Edgar's appeal relating to the appointment of the provisional liquidator would be dismissed. His appeal against the order of July 2 would be allowed, and the relevant undertakings substituted.

Sir Denys Buckley agreed.

*For Mr Edgar: David Oliver QC and Jane Giret (Keeble Hawsons, Sheffield).*

*For Wilsden: John Lindsay QC and Alastair Walton (Brooke North and Goodwin, Leeds).*

**By Rachel Davies**
*Barrister*

# APPOINTMENTS

## Two senior posts at NatWest

Mr Philip Norman has been appointed head of marketing, personal banking services of NATIONAL WESTMINSTER BANK. He was a European marketing manager for General Mills, and marketing director of Playtex, having worked recently in the financial services sector as a consultant. Mr Philip A. Girle, who retired as general manager of the bank's domestic banking division and a main board director on October 31, has been appointed to the south east regional board. He also becomes chairman of two bank subsidiaries—National Westminster Insurance Services, succeeding Mr Cyril Townsend, and Credit Factoring International, in place of Mr Maurice Denton. Both Mr Townsend and Mr Denton have retired.

*

SAS INTERNATIONAL HOTELS has appointed Mr Michael Duffy as director of business development. He joins from Sheraton Corporation where he was responsible for development in Europe.

*

At BUNGE & Co. Mr W. Hugearts will retire as chairman and be succeeded by the present managing director, Mr R. G. Pendered, on January 1. Mr D. L. Alrey, deputy managing director, will take over from Mr Pendered as managing director. He will also be appointed deputy chairman of the Kenneth Wilson Group. He is deputy chairman of Bibby Edible Oils. Mr Pendered will remain chairman of both Bibby Edible Oils and the Kenneth Wilson Group until June 30 1987, when he will retire from full-time executive duties, while remaining chairman of Bunge.

*

### Midland Bank International reorganisation

MIDLAND BANK INTERNATIONAL will reorganise the top management structure from January 1. Mr Sencar Toker, general manager and chief lending officer, will become international business development director, with responsibility for lines of business. Mr Jacques de Mandat-Grancey, general manager, Latin America, Middle East, Africa and Eastern Mediterranean, will be international banking network director, with responsibility for the geographical regions. Mr Rodolfo Bogni, group special projects director, will become finance and support director with responsibility for the operational and support areas, on completion of his present assignment in 1987. Mr David A. Thornham, general manager and chief lending officer, UK banking, will be credit and risk director.

Mr Colin Barker has been re-appointed chairman of the BRITISH TECHNOLOGY GROUP for a further period of two years, from November 1. He was appointed chairman of BTG —which is the umbrella body under which the National Research Development Corporation and the National Enterprise Board operate—in November 1983.

*

Mr Barrie Etherington has joined EPSON (UK) as director of sales and marketing. He comes from The Professional Connection where he was sales and marketing director.

*

Mr Paul V. O'Donnell has been appointed director of marketing, BT&D TECHNOLOGIES, a joint venture of British Telecommunications and the Du Pont Company of Wilmington, Delaware, US. He was vice president and partner of the American Management Corporation, St Louis, Missouri. He will be based in Wilmington, Delaware.

*

UNDERCOVER UK, Wrexham, has appointed as managing director Mr Roy Fisher; as sales and marketing director, Mr Grahame Ramsay; and as production director, Mr John Patterson.

*

Mr Tony Blyth has been appointed managing director of SYDNEY, UK subsidiary of computer software company, Sydney Development Corporation. He joined two years ago as sales and marketing director, and remains the group's vice president, international marketing.

*

LONDON AND MANCHESTER GROUP has appointed Mr Simon McClean as a general manager with specific responsibilities for the group's stock exchange division. He joined two years ago as investment manager and takes up his new post on December 1.

*

PACIFIC SALES ORGANISATION has appointed Mr Andrew Lawson as sales director.

*

Mr Graham Day, chairman and chief executive of The Rover Group, has joined the board of P-E INTERNATIONAL as a non-executive director. The only other non-executive directorship held by Mr Day is with The Laird Group.

*

Sir Derek Palmar has been appointed chairman of THORPE, Malton, Yorkshire.

*

BLUEBIRD TOYS has promoted Mr John Lewis, national accounts sales manager, to marketing manager / director designate.

*

Dr Alan W. Rudge, currently chief executive and managing director of ERA Technology, is to become BRITISH TELECOM's director of research and technology. He is taking over from Mr W. G. T. (Bill) Jones, chief executive technology, who is being seconded to the International Management Institute, Geneva, for about a year from January 1987 on a special assignment for British Telecom.

# LONDON RECENT ISSUES

## EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or − | Net. Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| — | F.P. | — | 35 | 27 | Australia Inv. Wrts | 33 | ...... | — | — | — | — |
| 250 | F.P. | — | 242 | 226 | Avis Europe | 239 | −3 | R7.6 | 2.4 | 4.5 | 13.3 |
| ¶170 | F.P. | 28/11 | 207 | 186 | BakerHarrisSaund's10p | 200 | −2 | R4.0 | 2.7 | 2.8 | 18.7 |
| §38 | F.P. | 28/11 | 42 | 39 | ‡B.C.E. Hldgs 5p | 41 | +1 | Rd1.0 | 3.0 | 3.4 | 13.6 |
| §115 | F.P. | 14/11 | 122 | 120 | ‡Berry, Birch 10p | 121 | ...... | R2.5 | 2.2 | 4.9 | 13.0 |
| §130 | F.P. | — | 156 | 130 | ‡Bliston & Batt'sea. 10p | 148 | −3 | R3.7 | 2.2 | 3.5 | 18.3 |
| §95 | F.P. | 21/11 | 145 | 117 | ‡Blenheim Exhibits. 5p | 130 | −1 | u2.1 | 3.2 | 2.3 | 17.8 |
| §100 | F.P | 21/11 | 109 | 99 | ‡Citygrove 10p | 99 | −1 | R2.5 | 2.7 | 3.6 | 14.4 |
| §105 | F.P. | 16/10 | 115 | 100 | ‡Eve Construction | 115 | +2 | u4.5 | 3.2 | 5.5 | 8.1 |
| §135 | F.P. | 24/10 | 166 | 145 | ‡Great Southern 10p | 162 | +1 | R5.2 | 2.2 | 4.5 | 13.9 |
| 185 | F.P. | 7/11 | 208 | 188 | ‡Interlink Express 5p | 208 | +4 | R3.5 | 3.2 | 2.4 | 18.9 |
| §135 | F.P. | 24/10 | 280 | 145 | ‡Local London Group 5p | 267 | −7 | W5.0 | 1.8 | 2.6 | 30.1 |
| — | — | — | 110 | 110 | Lon. & Gartmore Warr. | 110 | ...... | — | — | — | — |
| 110 | F.P. | 5/11 | 141 | 119 | Marlbor'gh Tech Man 5p | 133 | −1 | R2.70 | 3.1 | 2.9 | 13.4 |
| 135 | F.P. | 20/11 | 154 | 143 | Mecca Leisure 10p | 148 | −1 | R4.1 | 2.2 | 3.9 | 16.2 |
| §105 | F.P. | 24/10 | 184 | 133 | ‡Miller & Santhouse 5p | 184 | +2 | u2.25 | 2.4 | 1.7 | 34.4 |
| §175 | F.P. | 24/10 | 79 | 72 | ‡Newage Trans 5p | 72 | ...... | R3.5 | 2.5 | 6.9 | 8.2 |
| §90 | F.P. | 24/10 | 94 | 88 | ‡Radamec Group 5p | 94 | ...... | R1.28 | 5.7 | 1.9 | 12.9 |
| §95 | F.P. | 21/11 | 97 | 89 | ‡Rotunda 10p | 95 | ...... | R3.03 | 2.8 | 4.4 | 11.5 |
| ¶110 | F.P. | 24/10 | 110 | 101 | ‡Ryman 5p | 110 | ...... | L1.5 | 3.2 | 1.9 | 18.4 |
| 100 | 50 | 14/11 | 102 | 79 | TSB | 79¼ | +¼ | W4.26 | 3.1 | 4.6 | 9.9 |
| — | F.P. | — | 52 | 52 | Trinova $5 | 52 | ...... | 1.5c | — | 2.0 | — |
| §360 | F.P. | 5/12 | 179 | 163 | ‡Whitney Mackay 10p | 165 | +1 | R4.0 | 3.0 | 3.4 | 13.6 |
| 104 | F.P. | 5/12 | 89 | 80 | ‡Wooltons Bet'ware 10p | 86 | +2 | dR3.7 | 1.5 | 6.1 | 15.6 |
| ** | F.P. | — | 96 | 92 | Yeoman Inv. Cap. 1p | 92 | −1 | — | — | — | — |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1986 High | 1986 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‖ | Nil | 17/12 | 190pm | 140pm | Bristol Oil & Min 3% Cnv 2nd Mt Deb 1989 | 190pm | +5 |
| §100 | £10 | 8/1 | 12½ | 10 | East Worcs. Water 12½% Red Deb 94-96 | 11 | ...... |
| §100 | £10 | 29/1 | 11 | 8⅝ | Essex Water 11¼% Red. Deb. 2002-04 | 11 | ...... |
| ¶101.41 | £10 | 26/2 | 11¼ | 8 | do 8⅝% Red. Pf 1993 | 11 | ...... |
| §200 | F.P. | — | 107p | 106p | Fed. Housing 9½% Cum. Red. Prf | 107p | ...... |
| ‖ | Nil | 16/12 | 9¼pm | ½pm | Hartons 7% Cnv. Cum. Red. Prf | ½pm | ...... |
| §100 | £10 | 15/5 | 9½ | 2 | Mid-Sussex Water11% Red Deb2012-16 | 5¼ | ...... |
| — | F.P. | — | 100¼ | 100 | Nationwide11¼% 26/10/87 | 100⅛ | ...... |
| ¶101.87 | £10 | 22/1 | 11¼ | 9 | Portsmouth Wtr. 8¾% Red. Pf 1996 | 10 | ...... |
| ¶102.25 | £10 | 8/1 | 11¼ | 9 | Tendring Hundred Wtr 8¾% Rd. Pf 1996 | 11 | ...... |

## "RIGHTS" OFFERS

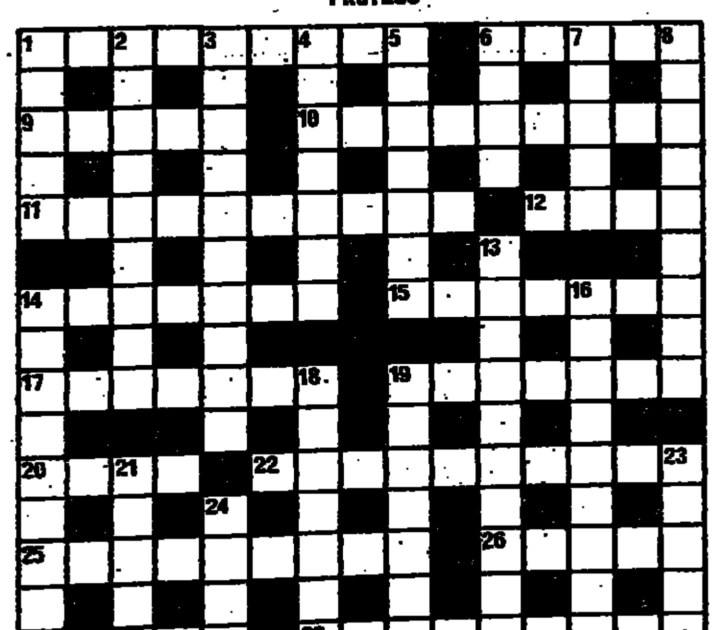
| Issue Price | Amount Paid up | Latest Renunc Date | 1986 High | 1986 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| 330 | Nil | 16/12 | 70pm | 46pm | Blue Arrow | 65pm | −5 |
| 70 | Nil | — | 8pm | 2½pm | Brit. Benzol 10p | 4pm | −1 |
| 12 | Nil | — | 1¼pm | 1½pm | Elswick 5p | 1½pm | ...... |
| 285 | Nil | 15pm | 15pm | 3pm | FR Group | 5pm | ...... |
| 14 | Nil | — | 26pm | 26pm | London & Assoc. 10p | 26pm | ...... |
| 40 | Nil | — | 16pm | 9pm | Petrocon 12½p | 9pm | −1 |
| 100 | Nil | — | 50pm | 10pm | Ratcliffe (F.S.) Inds. | 15pm | ...... |
| 350 | Nil | — | 67pm | 37pm | Redland | 60pm | −5 |
| 720 | 360 | 9/1 | 376pm | 360pm | Siebe | 370pm | +6½ |

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures r Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.



# FT CROSSWORD PUZZLE No. 6,175

PROTEUS



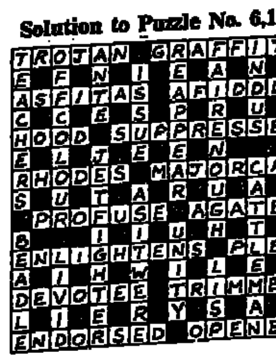
ACROSS

1 Criteria observed by established models (9)
6 Founded when in bed (5)
9 Politician involved in artist's swindles (5)
10 Weapons needed by angry young men we hear (9)
11 Slow in determining to take counsel (10)
12 Country seen to put physical education before sport (4)
14 Jumbo seats show had to improvise (7)
15 Given powers to set into action (7)
17 Distribution of gifts from great vessel (7)
19 Cross over to island to find wicket-keeper? (7)
20 Kind of group (4)
22 Milkily iridescent duck with faint perfume? (10)
25 Collection for tender politician (9)
26 Animal from eastern country (5)
27 Result of model going to flat (5)
28 Egghead traded by twisting cuddly picnic-goer (5-4)

DOWN

1 Right to drop out of scrap (5)
2 Retard weapon build-up on order of gym instructor (4,5)
3 They help some motorists to stop making record breaks perhaps (4,6)
4 Outstanding performances in past history (7)
5 Had amorous dalliance with journalist after game (7)
6 Fish with deep voice (4)
7 Part of latest or earliest in stock (5)
8 Underworld have obligation to unload (9)
13 Hope sultry furnishings will suit? (10)
14 Incense by irreverent exclamation! (4,5)
16 Moderate team peter out (9)
18 Drink wine but hold up (7)
19 Put off by document containing poem (7)
21 Firearm used for plunder (5)
23 Leading designer getting crowd to turn up round historic house (5)
24 Worry about a certain kind of work (4)

Solution to Puzzle No. 6,174



# AUTHORISED UNIT TRUSTS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

[illegible]

# AUTHORISED UNIT TRUST & INSURANCES

**Windsor Trust Mngrs Ltd**
83 Kingsway, London, WC2B 6SD 01-405 8331

| | | | | |
|---|---|---|---|---|
| Growth & Equity Tst | 49.1 | 52.3 | +0.1 | 7.52 |
| Growth Trust | 53.5 | 57.0 | - | 2.17 |
| Income Trust | 56.0 | 59.6 | +0.3 | 4.93 |

**Wright Seligman Fund Managers Ltd**
11 Blomfield St, London EC2M 7AY 01-588 0592

| | | | | |
|---|---|---|---|---|
| Growth Fund | 73.0 | 76.0 | +1.2 | 2.80 |

Weekly dealing day Tuesday

**The Yorkshire General Trust**
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

| | | | | |
|---|---|---|---|---|
| Y.G.T. | 132.7 | 141.2 | +0.5 | 3.04 |

# INSURANCES

**AA Friendly Society**
(Investment Mngt M & G Inv Mngt Ltd) 0222 35642
PO Box 93 Cardiff CF1 4NW

| | | | | |
|---|---|---|---|---|
| AA Friendly Sy Oct 8 | | 102.8 | | - |

**Abbey Life Assurance Co Ltd**
80 Holdenhurst Road, Bournemouth 0202 292373

| | | | | |
|---|---|---|---|---|
| Prop. Ser. 1 | 200.1 | 210.7 | +0.2 | - |
| Equity Ser. 1 | 104.1 | 109.6 | | - |
| Prop. Acc. Ser 2 | 279.8 | 294.2 | +0.4 | - |
| Equity Ser 2 | 113.1 | 119.1 | | - |
| Selective Acc. | 238.4 | 251.0 | -0.1 | - |
| Prop. Ser. 4 | 221.2 | 232.9 | +0.3 | - |
| Equity Ser. 4 | 115.5 | 121.6 | | - |
| Fixed Int. Ser. 4 | 174.2 | 183.4 | | - |
| Indexed Ins. Ser. 4 | 108.6 | 114.3 | -0.3 | - |
| American Ser. 4 | 262.0 | 275.8 | +1.3 | - |
| High Inc. Ser. 4 | 288.7 | 303.9 | -0.4 | - |
| Japan Ser 4 | 229.9 | 242.0 | +3.4 | - |
| Man. Ser. 4 | 349.5 | 367.9 | +1.1 | - |
| Money Ser. 4 | 197.6 | 208.0 | +0.3 | - |
| European Ser 4 | 122.0 | 128.5 | +0.8 | - |

Pension Funds

| | | | | |
|---|---|---|---|---|
| Property | 359.1 | 378.0 | +0.6 | - |
| Equity | 772.2 | 812.9 | -0.2 | - |
| Selective | 252.3 | 265.6 | | - |
| Managed | 617.1 | 649.6 | +2.1 | - |
| Security | 343.9 | 361.9 | +0.7 | - |
| Fixed Int. | 188.8 | 198.8 | | - |
| European | 196.0 | 206.4 | +1.6 | - |
| American | 219.8 | 231.4 | +1.3 | - |
| Japan | 237.1 | 249.6 | +4.3 | - |

**Aetna Life Insurance Co Ltd**
401 St John St, London EC1V 4QE 01-833 2903

**City of Westminster Assur.—Contd.**

| | | | | |
|---|---|---|---|---|
| Fixed Interest Fund | 138.3 | 145.6 | -0.8 | - |
| Far East Fund | 201.0 | 211.6 | -1.3 | - |
| North American Fund | 173.6 | 182.8 | -2.2 | - |
| Natural Resources Fund | 147.4 | 155.2 | +0.1 | - |
| Pension Managed Fund | 382.4 | 402.6 | +0.9 | - |
| Pension Equity Fund | 254.5 | 267.9 | +0.4 | - |
| Adventurous Mngd Fd | 125.4 | 132.0 | +0.1 | - |
| Balanced Mngd Fd | 123.9 | 130.5 | +0.2 | - |
| Conservative Mngd Fd | 117.8 | 124.0 | +0.2 | - |
| European Fund | 107.6 | 113.3 | +0.3 | - |
| International Fund | 118.3 | 124.6 | +0.2 | - |
| S.U.N. Flexible Fd | 127.9 | 134.7 | +0.1 | - |

For other prices please telephone 0908 606101/660066

**Clerical Medical/Fidelity International**
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

| | | | | |
|---|---|---|---|---|
| Mixed | 134.1 | 141.2 | +0.2 | - |
| Equity | 152. | 160.6 | -0.1 | - |
| Property | 110.6 | 116.5 | +0.1 | - |
| Gilt & Fixed Interest | 107.0 | 112.7 | -0.4 | - |
| Indexed Securities | 97.0 | 102.2 | -0.6 | - |
| Cash | 108.4 | 114.2 | | - |
| North American | 112.9 | 118.9 | +0.4 | - |
| Far East | 126.6 | 133.3 | +2.0 | - |
| International | 127.4 | 134.2 | +0.5 | - |
| Special Situations | 146.5 | 155.3 | +1.7 | - |
| International Income | 144.6 | 152.0 | +0.7 | - |
| American Income | 122.9 | 129.4 | +0.4 | - |
| European | 148.2 | 156.1 | -0.1 | - |

Flexible Retirement Plan

| | | | | |
|---|---|---|---|---|
| Mixed | 137.4 | 144.7 | +0.2 | - |
| Equity | 146.2 | 153.9 | -0.2 | - |
| Property | 115.9 | 122.0 | | - |
| Gilt & Fixed Interest | 112.3 | 118.3 | -0.6 | - |
| Indexed Linked | 98.5 | 103.7 | -0.4 | - |
| Cash | 116.7 | 122.9 | | - |
| North American | 119.7 | 126.0 | +0.5 | - |
| Far East | 141.2 | 148.7 | +3.1 | - |
| International | 134.9 | 142.1 | +0.7 | - |
| Special Situations | 166.9 | 179.7 | +2.6 | - |
| European | 170.6 | 179.6 | +0.1 | - |

Executive Investment Pension Plan
Prices on November 5. Unit dealings on Wednesday.

| | | | | |
|---|---|---|---|---|
| Cash Fd. | 140.8 | 148.3 | | - |
| Mixed Fd. | 191.6 | 201.7 | | - |
| Fixed Int. Fd. | 141.8 | 149.3 | | - |
| UK Equity Fd. | 223.1 | 234.9 | | - |
| Property Fd. | 134.7 | 141.8 | | - |
| Overseas Fd. | 196.0 | 206.4 | | - |
| Index Linked Fd. | 105.6 | 111.2 | | - |
| Stock Ex. Fd. | 154.9 | 163.1 | | - |
| North Am Fd. | 124.7 | 131.3 | | - |
| Far East Fd. | 143.5 | 151.1 | | - |
| Special Sits Fd. | 160.2 | 168.7 | | - |
| Europ. Fd. | 172.6 | 181.7 | | - |

[illegible]

# INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

## MANAGEMENT SERVICES

[illegible]

## OFFSHORE AND OVERSEAS

[illegible]

**World Fund S.A.**
2 Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| World Fund NAV | $18.46 | | +0.07 | — |

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | $16.64 | | | — |

Inv. Adv.: M. & G. Inv. Mngt. Ltd, London

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Advanced Tech | $16.41 | | | — |
| Dynamic Gwth Fd | $17.61 | | | — |

**Zero Bond Fund Limited**
PO Box 208, St Peter Port, Guernsey 0481 26268

| | | | | |
|---|---|---|---|---|
| Zero Bond Fund | $12.10 | 12.78 | | — |

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Charities Aid Funds Money Mngmt Co Ltd** | | | | |
| Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461 | | | | |
| CAFCASH Call Fund | 10.47 | 7.85 | 11.49 | 3-mth |
| CAFCASH 7-day Fund | 10.10 | 7.57 | 11.01 | 3-mth |
| **The Charities Deposit Fund** | | | | |
| 2 Fore Street, London EC2Y 5AQ 01-588 1815 | | | | |
| Deposit | 10.40 | (11.0)CAR | | 3-Mth |
| **The Money Market Trust** | | | | |
| 63 Qn Victoria St, EC4N 4ST. 01-236 0952 | | | | |
| Call Fund | 10.80 | 8.07 | 11.80 | 6mth |
| 7-day Fnd | 10.63 | 7.95 | 11.62 | 6mth |
| **Oppenheimer Money Management Ltd** | | | | |
| 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 10.29 | 7.48 | 11.04 | 6-Mth |
| 7-day Fund | 10.12 | 7.56 | 10.85 | 6-Mth |
| Dollar | 4.81 | 3.59 | 5.15 | 6-Mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** | | | | |
| 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484 | | | | |
| Full Service Chq Acc | 10.25 | 7.58 | 10.86 | Qtr |
| **Aitken Hume** | | | | |
| 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 10.25 | 7.66 | 11.18 | Qtr |
| [illegible] | 10.00 | 7.48 | 10.98 | Mth |
| Mth. Int. Chq. £5,000+ | 10.25 | 7.66 | 11.18 | Mth |
| **Allied Arab Bank Ltd** | | | | |
| 97-101 Cannon St, London, EC4N 5AD 01-283 9111 | | | | |
| High Int. Cheque Acc | 11.00 | 8.22 | 12.09 | Mth |
| **Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt Cheque Acc | 10.25 | 7.66 | 11.18 | Mth |
| **Barclays Prime Account** | | | | |
| PO Box 125, Northampton 0604 252891 | | | | |
| High Int. Cheque | 10.00 | 7.50 | 10.86 | Qtr |
| **Benchmark Trust Ltd** | | | | |
| 9 Henrietta Place, W1M 9AG. 01-631 3313 | | | | |
| Cap Chq Deposit Acc | 10.25 | 7.66 | 11.16 | Mth |
| **Charterhouse Bank Limited** | | | | |
| 1 Paternoster Row, EC4M 7DH. 01-248 4000 | | | | |
| Sterling | 10.50 | 7.85 | 11.46 | Mth |
| U.S. Dollar | 5.375 | 4.02 | 5.76 | Mth |
| German Marks | 4.00 | 2.99 | 4.27 | Mth |
| Swiss francs | 1.00 | 0.75 | 1.06 | Mth |
| Japanese Yen | 4.00 | 2.99 | 4.27 | Mth |
| **Citibank Savings** | | | | |
| St Martins Hse, Hammersmith Grove 01-581 1422 | | | | |
| Money Market Plus | Top rate | 7.65 | 11.17 | Mth |
| For other rates phone "phone our Rateline 01-581 0629" | | | | |
| **Co-operative Bank Cheque & Save** | | | | |
| 78-80 Cornhill EC3 01-626 6543 | | | | |
| £500-£2,500 | 7.38 | 5.50 | 7.92 | Qtr |
| £2,500 + | 10.38 | 7.75 | 11.24 | Qtr |
| **Dartington & Co Ltd** | | | | |
| Dartington, Totnes, Devon TQ9 6JE 0803 862271 | | | | |
| Money Mkt Acc | 10.625 | 7.94 | 11.53 | Qtr |
| **Henderson/Bank of Scotland** | | | | |
| 38 Threadneedle St EC2P 2EH 01-628 8060 | | | | |
| Money Mkt. Cheque Acc | 10.25 | 7.66 | 10.75 | Mth |
| **Legal & General (Money Mngrs) Ltd** | | | | |
| 355 Euston Road, NW1 3AG 01-388 3211 | | | | |
| High Int Dep Acc | 10.50 | 7.85 | 11.27 | 6-mth |
| **Lloyds Bank PLC** | | | | |
| 71 Lombard St, London EC3P 3BS 01-626 1500 | | | | |
| HighIntCheque Account | 10.00 | 7.70 | 11.16 | Qtr |
| **Lombard North Central PLC** | | | | |
| 17 Bruton St, W1A 3DH 01-409 3434 | | | | |
| 14-Day Notice | 10.37 | 7.75 | 10.91 | — |
| **M & G/Kleinwort Benson** | | | | |
| M & G Hse., Victoria Rd., Chelmsford 0245 266266 | | | | |
| H.I.C.A. (£2,500+) | 10.12 | 7.56 | 11.03 | Daily |
| **Midland Bank plc** | | | | |
| PO Box 2, Sheffield. 0742 528655 | | | | |
| High Int Chq Acc | 9.97 | 7.45 | 10.79 | Qtr |
| £10,000 + | 10.30 | 7.70 | 11.16 | Qtr |
| **M.I.M. Britannia Ltd** | | | | |
| 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777 | | | | |
| Cater Allen | 10.13 | 7.57 | 11.057 | — |
| **NatWest Special Reserve Account** | | | | |
| 41 Lothbury, London, EC2P 2BP 01-256 9933 | | | | |
| £2,000 to £9,999 | 10.25 | 7.625 | 11.05 | Qtr |
| £10,000 and above | 10.375 | 7.75 | 11.26 | Qtr |
| **Oppenheimer Money Mngmt Ltd** | | | | |
| 66 Cannon St, EC4N 6AE 01-236 1425 | | | | |
| Money Mngt. Acct | 10.125 | 7.57 | 10.96 | 3-Mth |
| **Phillips & Drew Trust Ltd** | | | | |
| 120 Moorgate, London EC2M 6XP 01-628 9771 | | | | |
| High Int Chq Acc | 10.625 | 7.94 | 11.52 | Qtr |
| **Provincial Trust** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire 061-928 9011 | | | | |
| High Int Chq Acc | 11.00 | 8.22 | 12.00 | Mth |
| **Royal Bank of Scotland plc** | | | | |
| 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201 | | | | |
| Premium Account | 10.37 | 7.75 | 11.24 | Qtr |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford RM1 3LB. 0708 66966 | | | | |
| H.I.B.A. | 9.90 | 7.40 | 10.82 | Daily |
| **Tyndall & Co** | | | | |
| 29-33 Princess Victoria St, Bristol 0272 732241 | | | | |
| Demand Acc | 10.51 | 7.86 | 11.40 | Qtr |
| Money Acc | 10.20 | 7.62 | 11.05 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc | 9.875 | 7.38 | 10.76 | Mth |
| Over £10,000 | 10.125 | 7.57 | 11.04 | Mth |
| **Western Trust & Savings Limited** | | | | |
| The Moneycentre, Plymouth PL1 1SE 0752 224141 | | | | |
| High Int Chq Acc | 10.94 | 8.18 | 11.87 | Qtr |
| **Wimbledon & South West Finance Co Ltd** | | | | |
| 114 Moorgate St, London EC1A 7AE 01-606 9485 | | | | |
| High Int Cheque Acc | 11.0 | 8.22 | 11.94 | Qtr |

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayer—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 27 | NEI | 8 |
| Amstrad | 15 | Nat West Bk | 48 |
| BAT | 35 | P & O Dfd | 45 |
| BOC Grp | 28 | Plessey | 16 |
| BSR | 11 | Polly Peck | 16 |
| BTR | 26 | Racal Elect | 15 |
| Babcock | 16 | RHM | 24 |
| Barclays | 42 | Rank Org Ord | 45 |
| Beecham | 40 | Reed Intnl | 25 |
| Blue Circle | 53 | STC | 13 |
| Boots | 22 | Sears | 12 |
| Bowaters | 32 | TI | 40 |
| Brit Aerospace | 42 | TSB | 8 |
| Brit. Telecom | 17 | Tesco | 36 |
| Burton Ord | 26 | Thorn EMI | 42 |
| Cadburys | 17 | Trust Houses | 15 |
| Charter Cons | 24 | Turner Newall | 18 |
| Comm Union | 28 | Unilever | 140 |
| Courtaulds | 26 | Vickers | 56 |
| FNFC | 17 | Wellcome | 17 |
| Gen Accident | 75 | **Property** | |
| Gen Electric | 15 | Brit Land | 16 |
| Glaxo | 85 | Land Secs | 30 |
| Grand Met | 40 | MEPC | 32 |
| GUS 'A' | 85 | Peachey | 24 |
| Guardian | 75 | **Oils** | |
| GKN | 24 | Brit. Oil & Min | $3\frac{1}{2}$ |
| Hanson Tst | 18 | Brit Petroleum | 50 |
| Hawker Sidd | 42 | Burmah Oil | 32 |
| ICI | 75 | Charterhall | 4 |
| Jaguar | 42 | Premier | $3\frac{1}{2}$ |
| Ladbroke | 32 | Shell | 65 |
| Legal & Gen | 28 | Tricentrol | 8 |
| Lex Service | 32 | Ultramar | 17 |
| Lloyds Bank | 38 | **Mines** | |
| Lucas Inds | 46 | Cons Gold | 62 |
| Marks & Spencer | 18 | Lonrho | 22 |
| Midland Bk | 48 | Rio T Zinc | 62 |
| Morgan Grenfell | 26 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

# Attempt to boost tin price cost Malaysia $250m

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has finally revealed that it lost 660m ringgit ($253m) when it tried to corner the tin market through the mystery tin buying operation on the London Metal Exchange in 1981-82.

Details of the losses, and the operation itself, were given to parliament on Monday by Dr Lim Keng Yaik, the Minister of Primary Industries, although when the operation began in 1981, his Ministry was kept out of the picture.

It was widely believed at the time that Malaysia was behind the mystery tin buyer, the Malaysian Government only admitted this last September.

Dr Mahathir Mohamad, the Prime Minister, decided to come clean on the subject to avert a major scandal, when Mr Lim Kit Siang, the opposition leader in Parliament exposed the activities of a little known company, Makuwasa, which was set up by the Government to speculate in the Malaysian stock market in a bid to recoup the tin losses.

According to Dr Lim, the actual trading loss on the tin buying amounted to 247m ringgit. The interest cost to Bank Bumiputra, the state-owned bank, which provided the finance, was 306m ringgit, and another 107m ringgit was lost in foreign exchange transactions and administrative costs.

However, he said the operation succeeded in pushing up tin prices for a while, and "identifiable benefits" in terms of higher taxes and export duties, collected by the Government, amounted to 451m ringgit, so that taking this into account, the net loss to the Government was 209m ringgit.

Tracing the events, Dr Lim said in 1981, the Government noted that traders on the LME were depressing tin prices by selling tin they did not possess. To protect the national interest, the Malaysian authorities set up a company, called Maminco, which entered into a joint venture agreement with Marc Rich, the secretive Swiss-based commodity trading firm, under which the latter bought tin in the market.

Traders later found they could not deliver when their contracts matured, but they were saved when the LME altered its rules to allow for a maximum premium of 110 sterling per tonne for immediate delivery, when the premium for cash over three months metal then (known as backwardation) had exceeded 1,000 sterling per tonne. Prices subsequently fell from close to 9,000 sterling a tonne in early February 1982 to around 7,000 sterling a month later.

Maminco and Marc Rich had agreed to share profits and losses equally.

Dr Lim said the partners began buying tin in July 1981 and by December that year, had made gross profits of 55.2m ringgit.

But as a result of the LME change of rules and the subsequent price collapse, Maminco and Marc Rich each incurred a loss of 274m ringgit.

To recover its losses Maminco secretly set up Makuwasa to speculate in the stock market. Money from a government-controlled national pension fund was used to buy cheap shares, which were then transferred to Makuwasa for sale, with the profits going to Makuwasa.

Dr Lim said Makuwasa was being wound up, but Maminco would continue until mid-1988 to complete its business.

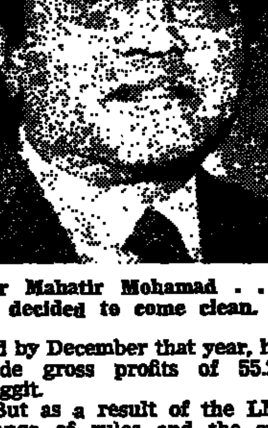
Replying to allegations of wrong-doing and corruption from Mr Lim, Dr Lim said: "There is no question of any misuse of funds or any public official financially benefiting from this exercise."

Meanwhile the Primary Industries Ministry said it had received 147 applications from tin mining companies for soft loans under the Government's 70m ringgit scheme.

The scheme will provide loans at 6 per cent per annum (compared with normal banking rate of 14 per cent) to miners, and is based on the difference between the prevailing tin price and the 18 ringgit reference price. It is designed to allow 170 mines in Malaysia to operate and produce 23,000 tonnes of tin. Otherwise only 60 mines, with a capacity of 12,000 tonnes, would survive under current market conditions.

● The Kuala Lumpur Tin Market yesterday approved the sale of Indonesian and Thai Tin on the exchange to attract greater activity.

It also agreed that tin already sold on the KLTM could be resold currently, the KLTM handles only Mayalsian tin, and does not allow resale.



Dr Mahathir Mohamad . . . decided to come clean.

TIN PRODUCERS and consumers have agreed that they need some new form of international co-operation following the collapse last year of the International Tin Council after accumulating debts of £900m, reports William Dullforce from Geneva.

They wrapped up this week's scheduled three-day meeting on the first day by commissioning the secretariat of the United Nations Conference on Trade and Development (Unctad) to draw up draft terms of reference for an international tin study group.

A preparatory meeting of of the new body will be convened in February or March next year. The tin study group is likely to be modelled on existing groups on lead and zinc and nickel.

This week's consultations were held at the request of the Association of Tin Producing Countries (ATPC). It was seen as a forum for discussion rather than as another attempt to stabilise prices.

The ATPC said the new group should concentrate on collecting and disseminating statistics and other market information. It should prepare studies but not seek accords with economic provisions.

Agreement to consider the new study group came as tin prices have been recovering, reaching over £4,000 a tonne in Europe for the first time in seven months.

# Irish grain subsidy appeal refused

THE IRISH Grain Board (Trading) has lost an appeal in the European Court for the restitution of monetary compensatory amounts (MCAs) withdrawn after allegations of "carousel trading." This is a term given to the practice of illegally re-importing grain so that it can be exported again and further MCAs collected.

The Court ruled that the Irish Ministry of Agriculture was right to withhold the MCAs even though the Board was not responsible for the alleged infringement of trading regulations.

The Irish high court had earlier found that the Board was innocent of carousel trading when it appealed against the Ministry's decision not to pay the MCAs, which resulted from British Customs authorities' investigations of sales of the grain into Northern Ireland. But the Ministry still declined to make the payments and a further appeal to the Irish Supreme Court was referred to the European Court in Luxembourg.

## Australian wheat

AUSTRALIAN WHEAT Forecasters (AWF) has raised its forecast of the country's 1986-1987 wheat crop to 16.16m tonnes from the 15.59m it predicted last month.

The new forecast slightly exceeds the 1985-86 crop of 16.13m tonnes, and brings the private forecaster's prediction into line with the latest from the Bureau of Agricultural Economics and the Australian Wheat Board.

## Metal trader

AMARI, THE UK distribution and stockholding company, has completed the purchase of the metal trading business of Boustead Davis, from its parent the Boustead group, and taken up a seat in the London Metal Exchange trading ring. The new LME company is to be called Charles Davis.

## Sri Lankan tea

SRI LANKA'S tea output this year will be at least 5.5m kg lower than the 214m kg produced in 1985 because of erratic weather in growing areas, according to brokers and industry officials, reports Reuter from Colombo.

January-September output fell to 156.9m kg from 162.4m in the same 1985 period, while fourth-quarter production is expected to be less than the 51.7m produced in the corresponding period of 1985.

"The rainfall up to October has been adequate but not widespread and evenly distributed," said M. G. de Silva, deputy director of the Meteorological Department.

● At Monday's London auction the average price paid for quality tea was 198p per kg, unchanged from last week. Medium grade was unchanged at 160p per kg while low medium was down 4p at 128p per kg.

## WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,450-2,530.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.10-2.30.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 0.87-0.91, sticks, 0.87-0.91.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 4.25-4.50.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 150-170.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.15-3.17.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.20-5.50.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit $WO_3$, cif, 31-43.

VANADIUM: European free market, min 98 per cent, $V_2O_5$ other sources, $ per lb $V_2O_5$, cif 2.48-2.53.

URANIUM: Nuexco exchange value, $ per lb $U_3O_8$, 17.00.

# US futures resist pressure from bearish crop estimates

BY DAVID OWEN IN CHICAGO

GRAIN FUTURES prices on the Chicago Board of Trade appeared yesterday to be holding up surprisingly well following Monday's bearish crop estimate from the US Department of Agriculture. By mid-morning, the nearby December wheat contract had traded down 3½ cents from Monday's settlement price to $2.79 per bushel, while maize had lost just 1½ cents to stand at $1.64 per bushel.

November soyabeans appeared even less affected, losing just half a cent to trade at $4.95 and one quarter cents per bushel.

The USDA's revised estimate of the Soviet grain crop though widely anticipated, was seen as the principal depressing factor. The Department ultimately raised its forecast by 15m tonnes to 195m. This followed last week's statement by a Politburo member that the Soviet Union expected to harvest 210m tonnes of grain this year, 17 per cent above the average figure for the last few years.

The latest domestic crop estimates for maize and soyabeans were also interpreted bearishly, though these too were far from unexpected. The maize crop estimate of 8.22bn bushels was about 25m more than expected, while the soyabean estimate at 2.01bn bushels was about 30m bushels above expectations, observers stated.

The surprisingly strong performance of the markets in the light of these unfavourable figures was attributed by analysts to indications that, with the harvest 85 to 90 per cent complete, farmers are not being driven to market their crops early for lack of available storage space.

"Nearby delivery months are tight despite the overall bear market," he added.

Most farmers are now expected to look to market their crops early in the New Year.

Cotton futures prices in New York, meanwhile, fell back yesterday after rising to contract highs on Monday, on the back of indications that the amount of certified material in stock was far lower than previously thought. This prompted fears that supplies of good quality cotton will be tight, and pushed the nearby December contracts up 1.70 cents on the day, to close at 49.95 cents per pound.

# EEC to streamline food aid

BY TIM DICKSON IN BRUSSELS

SMALLER QUANTITIES of Europe's vast agricultural surpluses are likely to be used as food aid to developing countries, following an important decision taken in Brussels yesterday.

EEC Development Ministers agreed a new regulation for the Community's $550m food aid scheme the most important effect of which is to break the traditional links with the Common Agricultural Policy (CAP).

The programme was originally conceived as a means of helping dispose of Europe's food "mountains." But the European Commission and many other interested parties such as the London based World Development Movement have long felt that the much criticised programme should be more fully oriented towards the needs of recipients.

Mr Chris Patten, Britain's Overseas Development Minister and chairman of yesterday's council, claimed that the new regulation would provide faster and more appropriate food aid as well as more "triangular" transactions, that is purchases of food in other developing countries rather than in the Community.

Mr Patten refused to speculate how much the change would reduce the amounts bought from Community food stores.

It was also pointed out last night that the new regulation, which Britain hopes to have in place before the end of the years, still needs the approval of the European Parliament. Parliament and Ministers do not agree who should have responsibility to set the annual limits for each commodity.

# Drought and low prices hit South African wool

BY JIM JONES IN JOHANNESBURG

WHEN SOUTH AFRICA'S 30,000 or so sheep farmers talk of 1986-87 being a watershed season they are not unaware of the irony in their choice of words. The country remains in the grip of its worst drought in over half a century. And its effect is particularly harsh in the vast sheep-raising areas of the expanding and semi-arid Karoo, South Africa's outback. Breeding has been curtailed, the flocks of wethers (castrated male sheep) have been reduced and a growing number of dryland farmers are switching from wool production to mohair which fetches a far higher price.

Last year South African wool fetched an average clean price of R 9.19 (£2.80 per kg at the weekly auctions in Port Elizabeth. The first quarter of this season's crop averaged R 8.53 per kg clean and there are fears that the 5 per cent price premium normally paid for well-graded South African wool could disappear as the US halts imports of South African farm products. Nevertheless this season's total clip should be worth more than R400m says Mr S. P. "Faan" Van Wyk, managing director of the Wool Board, compared with last year's R428m. About 90 per cent of the clip will be exported.

With a quarter of this season's wool clip already sold Mr Van Wyk estimates the total 1986-87 clip will be in the region of 91m kg against last season's 92.5m kg and 100m kg three years ago. That is scarcely encouraging for farmers who have been pushed deep into debt by the drought and who are not happy with this season's lower prices and the prospect of special surcharges to be levied by the Wool Board.

Wool farmers are up in arms over the Board's plans to skim an additional 5 per cent levy off the season's total wool cheque. In 1983 it borrowed $250m on the Eurodollar market—then the equivalent of one year's South African clip—which was used to help buyers finance purchases of South African wool. Since then the Rand's external value has collapsed and the Wool Board has been left nursing a foreign exchange loss of about R300m—again almost the equivalent of one year's clip. Wiping the slate clean would saddle wool farmers with a 5 per cent levy for about 13 years and many of them are using the need for a levy as an argument for scrapping the state-controlled Wool Board altogether.

Wool's problems, however, do not appear to be dissuading more farmers from switching to sheep raising. The drought and progressive desertification of South Africa's central areas are forcing many farmers away from their normal crops towards drylands sheep farming. Five years hence the new emphasis could bring South Africa's annual clip to 120m kilogrammes.

# LONDON MARKETS

PRESSURE GREW on the coffee futures market yesterday following news that Brazil was offering discounts of 15 to 20 per cent on November / December shipments. With the approach of last night's London Coffee Trade Federation dinner ensuring an extremely thin market there was little resistance to the downward impetus and by the close the January futures position had lost £79.50 to £2,203 a tonne, taking the fall on the week so far to £124.50. Cocoa values continued to drift with nearby prices losing ground for the fourth trading day in succession. The March position dipped to a six-week low of £1,487 before ending the day only £2 down at £1,493.50 a tonne. Prices had fallen against a background of extremely slack demand but the New York market led a modest rally in the afternoon. On the London Metal Exchange the cash zinc price regained much of the ground lost on Monday after the sharp upturn in LME warehouse stocks last week. Following that £19.50 fall the price recovered by £14.50 to £589.50 a tonne yesterday.

## ALUMINIUM

Official closing (am): Cash 797-7.5 (793.5-4), three months 800-800.5 (797.5-8), settlement 797.5 (794). Final Kerb close: 802-3. Turnover: 16,925 tonnes.

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 797-8 | +2 | 798/797.5 |
| 3 months | 801-1.5 | +1.5 | 803/800 |

## COPPER

| Grade A | Unoffic'l close | + or — | High/Low |
|---|---|---|---|
| Cash | 902-3 | +1 | 903.5/903 |
| 3 months | 925-6 | +0.75 | 926.5/924 |

Official closing (am): Cash 903-3.5 (898.5-9), three months 925.5-6 (921.5-2.5), settlement 903.5 (899). Final Kerb close: 924.5-5.

| Standard | | | |
|---|---|---|---|
| Cash | 879-81 | +0.75 | 880/879 |
| 3 months | 905-7.5 | +1.5 | — |

Official closing (am): Cash 879-80 (876-6.5), three months 905-7 (902-4), settlement 880 (876.5). US Producer prices 61.50-66.50 cents per pound. Total Turnover: 24,075 tonnes.

## LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 320-2 | —1.75 | 322/321 |
| 3 months | 315-5.5 | — | 319.5/313 |

Official closing (am): Cash 321-1.5 (324-4.5), three months 315.5-6 (315-5.5), settlement 321.5 (324.5). Final Kerb close: 319-20. Turnover: 8,425 tonnes. US Spot: 24-27 cents a pound.

## NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 2525-30 | —12.5 | — |
| 3 months | 2560-5 | —20 | 2570/2555 |

Official closing (am): Cash 2,500-5 (2,560-5), three months 2,545-7 (2,600-1), settlement 2,505 (2,565). Final Kerb close: 2,565-70. Turnover: 1,128 tonnes.

## TIN

KUALA LUMPUR TIN MARKET—Close: 15.45 (15.49) ringgit per kg. Down 0.04 ringgit per kg.

## ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 589-90 | +14.5 | 589/583.5 |
| 3 months | 565-6 | +1 | 567/567.5 |

Official closing (am): Cash 585-6 (578-9), three months 566-7 (570-70.5), settlement 586 (579). Final Kerb close: 564.5-5. Turnover: 18,300 tonnes. US Prime Western: 44-50.75 cents a pound.

## GOLD

Gold fell $5¼ an ounce from Monday's close in the London bullion market yesterday to finish at $405¼-$405¾. The metal opened at $405¼-$405¾ and traded between a high of $407¼-$408¾ and a low of $404-$404½. Gold eased lower in line with a weaker platinum price and there were mixed views as to whether a decline to the $400 level would provoke a rash of stop loss selling or whether bargain hunters would appear to underpin the metal at this level.

| GOLD BULLION (fine ounce) | Nov. 11 | |
|---|---|---|
| Close | $405¼-405¾ | (£281¾-282¼) |
| Opening | $405¼-405¾ | (£282-282¼) |
| M'n'g fix | $406.60 | (£282.278) |
| Aft'n'n fix | $406.00 | (£282.275) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | [illegible] | [illegible] |
| Maple leaf | [illegible] | [illegible] |
| Kr'g'r'nd | [illegible] | [illegible] |
| ½ Krug | [illegible] | [illegible] |
| ¼ Krug | [illegible] | [illegible] |
| 1/10 Krug | [illegible] | [illegible] |
| 1/10 Angel | [illegible] | [illegible] |
| New Sov. | [illegible] | [illegible] |
| Old Sov. | [illegible] | [illegible] |
| $20 Eagle | [illegible] | [illegible] |
| Noble Plat | [illegible] | [illegible] |

## GRAINS

Old crop wheat market found early commission house and modest shipper selling easing values to 15p-25p down. Country support was then evident. Together with light commercial buying pushing values back to 10p up-5p down. Barley market was always on the defensive. Long liquidation and light hedge selling in dull trade saw market close down. New crops traded eleven lots of September wheat at unchanged levels closing down, reports T. G. Roddick.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Month | Yesterday's close | + or — | Yest'rday's close | + or — |
| Nov | 107.90 | [illegible] | 108.65 | —0.35 |
| Jan | 110.55 | [illegible] | 111.65 | —0.75 |
| Mar | 113.00 | [illegible] | 113.90 | —0.15 |
| May | 115.35 | [illegible] | 114.00 | —0.35 |
| July | 117.25 | [illegible] | — | — |
| Sept | 101.20 | [illegible] | [illegible] | — |
| Nov | 104.10 | [illegible] | [illegible] | — |

Business done — Wheat: Nov 108.00-107.90, Jan 110.75-110.45, March 113.10-112.95, May 115.50-115.40, July 117.40-117.25. Sales: 177 lots of 100 tonnes. Barley: Nov 108.70-108.65, Jan 112.00-111.65, March 114.00-113.85, May 114.00 only, Sept 101.50 only, Nov 103.85 only. Sales: 53 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: Nov 105.00, Dec 106.00. US No 2 Soft Red Winter: Nov 112.00, Dec 113.25. French 11½-12 per cent: Nov 140.00. English feed, fob: Nov 111.00 buyer, Dec 112.60-113.50, Jan/March 115.75-116.25, April/June 118.25-118.75 buyer/seller, Feb 115.75 buyer, east coast. Maize: US No 3 yellow/French, transhipment east coast: Nov 143.00, Dec 145.00. Barley: English feed, fob: Nov 110.00, Dec 110.50, Jan/March 117.00 seller, English/Scottish. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Barley: E. East 109.70; S. West 108.60; W. Midlands 108.10; N. West 108.00. The UK monetary coefficient for the week beginning Monday November 17 (based on HGCA calculations using five days exchange rates) is expected to change to 1.232.

## SILVER

Silver was fixed 3.05p an ounce lower for spot delivery in the London bullion market yesterday at 398.6p. US cent equivalents of the fixing levels were: spot 573.6c, down 4.8c; three-month 582.2c, down 4.65c; six-month 591.2c, down 4.3c; and 12-month 607.9c, down 5.45c. The metal opened at 397-399p (572-574c) and closed at 398-399p (570-572c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 398.60p | —3.05 | 393.00p | [illegible] |
| 3 months | 409.25p | —3.05 | 404.00p | [illegible] |
| 6 months | [illegible] | [illegible] | — | |
| 12 months | 440.60p | [illegible] | — | |

LME—Turnover Nil (10) lots of 10,000 ounces. Cash high/low 400, three months high/low 409, 407, final kerb 408-409p.

## SOYABEAN MEAL

A very quiet session with prices moving lower on a weaker cash market and bearish USDA crop report. Volume was light and featureless, reports Muirpace.

| | Yest'rdy's close | + or — | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Dec | 127.1-128.0 | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] |
| October | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |

Sales: 15 (32) lots of 20 tonnes.

## RUBBER

PHYSICALS — The London market opened easier, very little interest throughout the day and closed neglected. Closing prices (buyers): Spot 64.50p (65.00p). Dec 64.75p (65.25p), Jan 63.00p (63.50p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 229.0 (same) and SMR 20 199.00 (200.0).

FUTURES—Index 650, Dec 640-645, Jan/March 650-655, April/June 660-665, July/Sept 662-678.

## INDICES

### REUTERS

| Nov. 7 | Nov. 10 | M'th ago | Year ago |
|---|---|---|---|
| 1613.4 | 1615.5 | — | — |

(Base: September 18 1931=100)

### DOW JONES

| Dow Jones | Nov. 10 | Nov. 7 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 121.09 | 121.56 | — | 120.16 |
| Fut | 120.99 | 121.07 | — | 121.06 |

(Base: December 31 1931=100)

## MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| | Nov.12 1986 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $1225/245 | +5 | $1275/295 |
| Copper | | | |
| Cash Grade A | £902.5 | +1 | £918 |
| 3 mths | £925.5 | +0.75 | £940.25 |
| Gold Troy oz | $405.5 | —5.25 | $431.625 |
| Lead Cash | £321 | —1.75 | £305.5 |
| 3 mths | £315.25 | | £303.25 |
| Nickel | | | |
| Free Mkt | 164/184c | —4 | 187/187c |
| Palladium oz | $128.65 | +0.65 | $139.25 |
| Platinum oz | $549.00 | —10.5 | $580.00 |
| Quicksilver† | $160/170 | —5 | $180/180 |
| Silver troy oz | 398.60p | —3.05 | 393.70p |
| 3 mths | 409.25p | —3.05 | 402.85p |
| Tin | | | |
| free mkt | £4220/250 | —15 | £3850/70 |
| Tungsten | $46.98 | | $50.08 |
| Wolfram 22.04lb | $32/42 | | $34/44 |
| Zinc | £589.5 | +14.5 | £626 |
| 3 mths | £565.5 | +1 | £516.5 |
| producers | $920 | | $920 |
| **OILS** | | | |
| Coconut (Phil) | $442.5y | | $302.5 |
| Palm Malayan | $330v | | $250 |
| Copra (Phil) | $270y | | $160 |
| Soyabean (U.S.) | $163y | | $149 |
| **GRAINS** | | | |
| Barley Fut. Jan. | £111.85 | —0.15 | £110.45 |
| Maize | £143.00 | | £145.50 |
| Wheat Fut. Jan. | £110.55 | —0.05 | £108.75 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Mar. | £1493.5 | —2.0 | £1533.5 |
| Coffee Ft. Jan. | £2205 | —79.5 | £2177.5 |
| Cotton A Ind.* | 53.10c | +0.80 | ‡ |
| Gas Oil Jan. | $134.25 | | $126.75 |
| Rubber (kilo) | 64.50p | —0.50 | 68p |
| Sugar (raw) | $156.00y | +2 | $136 |
| Wooltops 64s | 421p kilo | | 405p kilo |

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. y Nov-Dec. w Oct-Nov. v Dec. x Jan-Feb. z Dec-Jan.

## COFFEE

After Monday's strong technical rally based on the strength of November, the market reacted strongly yesterday as confirmation arrived of decounted Brazilian exports, reports Drexel Burnham Lambert. In the afternoon a poor performance from the "C" contract added to the weakness and prices ended near the lows.

| COFFEE | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| Nov | 2280-2285 | —97.0 | 2385-2275 |
| Jan | 2201-2205 | —79.5 | 2270-2200 |
| Mar | 2100-2105 | —54.0 | 2160-2100 |
| May | 2110-2115 | —55.0 | 2165-2115 |
| July | 2125-2135 | —47.5 | 2171-2155 |
| Sept | 2120-2140 | —50.0 | 2170-2165 |
| Nov | 2120-2150 | —51.0 | — |

Sales: 3,373 (4,309) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for November 10: Comp. daily 1979 160.16 (161.20); 15-day average 159.77 (158.34).

## COCOA

Futures ended a quiet day only £3 below the previous close with the general lack of interest reflected in physicals where only moderate second-hand business was seen, reports Gill and Duffus.

| COCOA | Yesterday's close £ per tonne | + or — | Business Done |
|---|---|---|---|
| Dec | 1461-1463 | —0.5 | 1465-1454 |
| March | 1493-1494 | —2.0 | 1497-1487 |
| May | 1515-1516 | —2.0 | 1517-1510 |
| July | 1537-1538 | —2.5 | 1540-1535 |
| Sept | 1560-1561 | —4.0 | 1565-1558 |
| Dec | 1589-1590 | —3.0 | 1589-1584 |
| March | 1615-1618 | —4.0 | 1619-1617 |

Sales: 2,391 (2,991) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for November 10: 91.42 (91.81); five-day average for November 11: 91.71 (91.63).

## POTATOES

April market slipped £3.00 throughout day in response to PMB yield crop figures indicating a possible shortfall production over demand of some 300,000 tons before taking into account revised consumption, import wastage figures. These thought likely to reduce possible deficit to below 100,000 tons, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 115.00 | 119.00 | — |
| Apr | 159.90 | 163.00 | 162.50-159.00 |
| May | 179.00 | 181.00 | 181.00-178.00 |
| Nov | 85.00 | 75.00 | — |
| Feb | — | — | — |

Sales: 1,127 (—) lots of 40 tonnes.

## OIL

In the petroleum products market prompt gasoil remained firm on good buying interest. Mogas Naphtha and fuel oil were quiet in thin trade. In very thin trade Brent sold around $14.80 for December and at 15.05 for January, narrowing the premium for January to 25 cents. December WTI opened 1 cent up on Nymex and traded at the same level at 1.30 pm after this morning's trade within a narrow price range.—Petroleum Argus, London.

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—Dec. | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 13.75-13.85 | +0.10 |
| Brent Blend | 14.75-14.85 | — |
| W.T.I. (1pm est) | 15.30-15.40 | —0.05 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 145-148 | — |
| Gas Oil | 126-128 | +1.0 |
| Heavy fuel oil | 75-77 | — |
| Naphtha | 126-128 | +1.0 |

## GAS OIL FUTURES

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Dec | 131.25 | +0.75 | 131.25-28.50 |
| Jan | 134.25 | +0.50 | 134.25-32.50 |
| Feb | 136.50 | +0.25 | 135.75-34.00 |
| Mar | 132.00 | — | 132.00-31.00 |
| Apr | 128.00 | —2.00 | 130.00-28.00 |

Turnover: 1,309 (3,568) lots of 100 tonnes.

## HEAVY FUEL OIL

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Nov | — | — | — |
| Dec | 78.00 | — | 77.00 |
| Jan | 76.00 | — | 76.00 |
| Feb | — | — | — |

Turnover: 21 (67) lots of 100 tonnes.

## LEADED GASOLINE

| Month | Yest'rdy's close | + or — | Business Done |
|---|---|---|---|
| Nov | 159.00 | +9.00 | 165.00-159.00 |
| Dec | 160.00 | — | — |
| Jan | — | — | — |
| Feb | — | — | — |

## MEAT

Prices eased on the back of a weaker physical quote in light volume, reports Eastern Capital CCST.

FUTURES—Live cattle: Nov 97.00, Feb 98.00. Sales: Nil. Pigs: Nov 101.80, Feb 98.40, April 97.50, June 98.50. Sales: 31.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 93.31p per kg lw (+1.14); GB—Sheep 166.75p per kg est dcw (+11.39); GB—Pigs 77.43p per kg lw (+0.80).

## SUGAR

Reports that Mexico had recently sold 150,000 tons, allied with the failure of Monday's rally produced a sharp reaction today, reports Czarnikow, London.

| No. 6 Contract | Yest'rdy's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Dec | 144.0 | 148.8 | 147.8-144.8 |
| Mar | 155.4 | 161.0 | 160.4-154.6 |
| May | 158.4 | 163.4 | 163.0-157.8 |
| Aug | 162.0 | 169.4-166.6 | 168.4-162.0 |
| Oct | 165.8 | 184.8-171.0 | 167.2-165.8 |
| Dec | — | 172.0-176.0 | — |
| Mar | — | 181.0-184.0 | — |

LONDON DAILY PRICE—Raw sugar $156.00 (£108.50) up $2.00 (down £0.50) a tonne for November-December delivery. White suggar $188.00, the same.

Sales 3,151 (2,361) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £212.00 (£212.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for November 10.10. Daily price 6.29 (6.17); 15-day average 5.89 (5.85).

## FREIGHT FUTURES

| | Close | High/Low | Prev. |
|---|---|---|---|
| **Dry Cargo** | | | |
| Jan. | 737/739 | 745/737 | 740/749 |
| April | 778/782 | 785/678 | 786/788 |
| July | 688/690 | 695/690 | 695/697 |
| Oct. | 780/782 | 785/780 | 786/790 |
| Jan. | 775/800 | — | 763/790 |
| Apr. | 875/885 | — | 880/895 |
| July | 760/775 | — | 780/695 |
| Oct. | 810/900 | — | 825/900 |
| BFI. | 785.5 | — | 787 |

Turnover: 167 (81).

| | Close | High/Low | Prev. |
|---|---|---|---|
| **Tankers** | | | |
| Nov. | 880/990 | 885 | 870/930 |
| Dec. | 950/1020 | — | 960/1010 |
| Mar. | 970/1020 | — | 950/1000 |
| June | — | — | — |
| BTI. | 863 | — | 858 |

Turnover: 15 (16).

## JUTE

JUTE—Nov/Dec 1986, c and f Dundee: BTC $330, BWC $330, BTD $290, BWD $290; c and f Antwerp: BTC $310, BWC $310, BWD $280, BTD $280.

# US MARKETS

COFFEE FUTURE lost ground and were ol as much as 8.69 cents in spot December on speculator reaction to Brazils new discount, reports Heinold Commodities. While traders expected the lower prices, the news still moved the market lower, and nearby deliveries breached long standing support lines at 168 cents in December, drawing heavy technical selling. The contract closed off the low at 165.27 cents as some roaster price fixing was noted. Sugar closed on the lows as fund traders appear to be getting out recent long positions amid disappointment at March sugars inability to test last Tuesdays high of 7.30 cents. New crop March lost 0.37 cents at 6.72 cents. In the final 1 5 minutes the final 15 minutes the market broke down on general liquidation in the absence of buying by operators who had helped to cushion the drop. Cocoa futures firmed with the nearby deliveries trading as much as $36 higher. Arbitrage activity against London, short covering by locals and switching out of December provided most of the buying.

## NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 49.95 | — | — | 49.75 |
| Dec | 50.20 | 50.25 | 50.10 | 50.00 |
| Jan | 50.30 | — | — | 50.10 |
| March | 50.75 | 50.75 | 50.75 | 50.55 |
| May | 51.00 | — | — | 50.80 |
| July | 51.25 | — | — | 51.05 |
| Sept | 51.45 | — | — | 51.25 |
| Dec | 51.55 | — | — | 51.35 |
| Jan | 51.75 | — | — | 51.55 |
| March | 51.85 | — | — | 51.65 |

COFFEE "C" 37,500 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 165.27 | 169.50 | 163.40 | 172.08 |
| March | 163.77 | 165.50 | 160.95 | 166.85 |
| May | 164.05 | 175.00 | 161.30 | 165.30 |
| July | 164.00 | 165.00 | 161.25 | 165.25 |
| Sept | 163.75 | 165.50 | 162.50 | 165.75 |
| Dec | 164.00 | 166.00 | 166.00 | 166.50 |

COCOA 10 tonnes, $/tonne

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

COPPER 25,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | 442.5 | 442.0 | 439.5 | 440.7 |
| Aug | — | — | — | — |

HEATING OIL 42,000 US gallons, cents/US gallons

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |

COTTON 50,000 lb, cents/lb

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 48.75 | 49.70 | 48.50 | 48.95 |
| March | 49.10 | 49.75 | 48.70 | 50.13 |
| May | 49.15 | 49.80 | 49.00 | 50.49 |
| July | 49.50 | 49.70 | 49.50 | 50.50 |
| Oct | 50.75 | 50.75 | 50.75 | 51.25 |
| Dec | 50.85 | 51.10 | 50.70 | 51.55 |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 121.75 | 122.75 | 121.75 | 122.00 |
| Jan | 121.50 | 123.90 | 121.50 | 122.45 |
| March | 121.55 | 123.70 | 111.50 | 122.30 |
| May | 121.60 | 132.90 | 122.20 | 122.20 |
| July | 121.40 | 122.50 | 122.50 | 121.80 |
| Sept | 121.75 | 122.00 | 122.00 | 122.00 |
| Nov | 121.85 | — | — | 122.00 |
| Jan | 122.00 | — | — | 122.30 |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 536.2 | 546.0 | 545.0 | 546.4 |
| Dec | 541.2 | 543.0 | 538.7 | 551.4 |
| Jan | 541.2 | 755.9 | 432.0 | 551.4 |
| April | 544.2 | 550.0 | 535.0 | 553.9 |
| July | 548.4 | 561.5 | 538.5 | 559.1 |
| Oct | — | — | — | — |
| Jan | 557.4 | 570.0 | 570.0 | 567.1 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 576.2 | 571.0 | 571.0 | 574.1 |
| Dec | 578.0 | 579.0 | 570.5 | 576.0 |
| Jan | 580.6 | 575.0 | 575.0 | 578.8 |
| March | 585.6 | 587.0 | 578.5 | 583.5 |
| May | 590.9 | 591.0 | 584.5 | 588.8 |
| July | 595.5 | 589.0 | 590.0 | 594.3 |
| Sept | 602.4 | — | — | 600.7 |
| Dec | 611.5 | 612.0 | 606.0 | 609.1 |
| Jan | 614.8 | — | — | 612.4 |
| March | 621.3 | 618.5 | 618.0 | 618.7 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 6.15 | 6.65 | 6.15 | 6.61 |
| March | 6.72 | 7.12 | 6.70 | 7.09 |
| May | 6.88 | 7.21 | 6.88 | 7.20 |
| July | 7.01 | 7.32 | 7.00 | 7.31 |
| Sept | 7.11 | — | — | 7.42 |
| Oct | 7.24 | 7.55 | 7.24 | 7.54 |
| Jan | 7.49 | — | — | 7.79 |

## CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 60.82 | 61.07 | 60.50 | 60.75 |
| Feb | 57.92 | 58.17 | 57.55 | 57.72 |
| April | 58.47 | 58.50 | 57.82 | 57.97 |
| June | 57.35 | 57.37 | 56.85 | 56.85 |
| August | 55.90 | 55.90 | 55.46 | 55.55 |

LIVE HOGS 30,000lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 53.27 | 53.40 | 52.82 | 52.79 |
| Feb | 49.30 | 49.57 | 48.85 | 48.87 |
| April | 44.02 | 44.10 | 43.45 | 43.45 |
| June | 46.32 | 46.37 | 45.80 | 46.08 |
| July | 45.90 | 55.90 | 45.50 | 45.80 |
| August | 44.60 | 44.75 | 44.40 | 44.40 |
| Oct | 41.75 | 51.77 | 41.40 | 41.86 |
| Dec | 42.30 | 42.35 | 42.10 | 41.86 |

MAIZE 5,000 bu min, cents/56lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEANS 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |

WHEAT 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

SPOT PRICES—Chicago loose lard 14.50 (14.50) cents per pound. Handy and Harman silver bullion 570.50 (581.00) cents per troy ounce.

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar eases in quiet trading

THE DOLLAR lost ground in currency markets yesterday. Trading was influenced by the closure of many US banks and parts of Europe for Veterans Day. The weaker trend reflected a reluctance by speculators to hold long dollar positions ahead of Friday's release of US economic data. These include retail sales and prices as well as industrial production and the market has generally revised earlier forecasts which were fairly bullish.

In the relatively low volume of trading this was enough to push the dollar weaker. In addition a strong West German D-Mark, boosted by an absence of any sign of lower rates in Germany, tended to depress the dollar so that it closed at DM 2.0360 from DM 2.0455 and Y162.15 compared with Y162.75. Elsewhere it finished at SFr 1.6890 from SFr 1.6990 and FFr 6.6350 compared with FFr 6.6875. On Bank of England figures, the dollar's exchange rate index fell from 111.9 to 111.5.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3790. October average 1.4270. Exchange rate index 69.3 against an opening level of 69.5 and compared with Monday's close of 69.6. The six months ago figure was 75.6.

The pound failed to hold on to early gains and finished the day on a weak note. There was little to derive from Mrs Margaret Thatcher's speech last night at the Mansion House and foreign investors were still a little concerned about sterling's vulnerability as a petro-currency and also about the strength of Mr Nigel Lawson's resolve to support sterling through higher interest rates.

The pound closed at $1.4385 from $1.4355 and DM 2.93 from DM 2.9375. Against the yen it finished at Y233.25 from Y233.50 and SFr 2.43 against SFr 2.44. It was also lower against the French franc at FFr 9.5725 from FFr 9.60.

D-MARK — Trading range against the dollar in 1986 is 2.4770 to 1.9749. October average 2.0038. Exchange rate index 141.8 against 135.3 six months ago.

Trading focused on testing the dollar's support levels in Frankfurt yesterday. Trading volume was restricted by the closure of several centres for Armistice Day. Despite the dollar bearish undertone it remained within its recent trading range. A higher rate at the Bundesbank's latest sale and repurchase tender helped to underpin the D-mark. At the fixing the dollar eased to DM 2.0347 from DM 2.0462 and there was no intervention by the Bundesbank. The dollar closed at DM 2.0375 from DM 2.0465 on Monday.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 152.35. October average 156.36. Exchange rate index 206.8 against 208.9 six months ago.

Trading was extremely quiet in Tokyo due to the closure of many US banks for Veterans Day. The dollar closed unchanged at Y162.65 from New York's close and Tokyo on Monday. Trading was confined to a narrow range and although the dollar had a bearish feel, there was sufficient interest to keep it above Y162. However news of another large Japanese trade surplus in October suggested that the yen may again face upward pressure. A surplus of $7.81bn was down from September's record $8.95bn but the surplus with the US rose to a record $5bn. Elsewhere the D-mark rose to Y79.52 from Y79.42.

### £ IN NEW YORK

| Nov 11 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.4385-1.4395 | 1.4385-1.4395 |
| 1 month | 0.56-0.53 pm | 0.59-0.57 pm |
| 3 months | 1.79-1.74 pm | 1.74-1.72 pm |
| 12 months | 6.35-6.25 pm | 6.10-6.00 pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | | Nov. 11 | Previous |
|---|---|---|---|
| 8.30 | am | 69.6 | 69.5 |
| 9.00 | am | 69.5 | 69.7 |
| 10.00 | am | 69.3 | 69.6 |
| 11.00 | am | 69.3 | 69.5 |
| Noon | | 69.3 | 69.6 |
| 1.00 | pm | 69.3 | 69.6 |
| 2.00 | pm | 69.2 | 69.6 |
| 3.00 | pm | 69.2 | 69.5 |
| 4.00 | pm | 69.3 | 69.4 |

### CURRENCY RATES

| Nov. 11 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | N/A | 0.714000 |
| U.S. Dollar | 5.5 | N/A | 1.02709 |
| Canadian $ | 8.58 | * | 1.42478 |
| Austrian Sch. | 4 | N/A | 14.7059 |
| Belgian Franc | 8 | N/A | 43.4048 |
| Danish Kroner | 7 | N/A | 7.89163 |
| Deutsche Mark | 3½ | N/A | 2.08930 |
| Neth. Guilder | 4½ | N/A | 2.36128 |
| French Franc | 9½ | N/A | 6.83271 |
| Italian Lira | 12 | N/A | 1445.11 |
| Japanese Yen | 3 | N/A | 166.491 |
| Norway Krone | 8 | N/A | 7.69135 |
| Spanish Peseta | — | N/A | 139.941 |
| Swedish Krona | 7½ | N/A | 7.14854 |
| Swiss Franc | 4 | N/A | 1.73116 |
| Greek Drach. | 20½ | N/A | 142.769 |
| Irish Punt | — | N/A | 0.765912 |

* C$/SDR rate for Nov. 10; 1.65932

### CURRENCY MOVEMENTS

| November 11 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 69.3 | N/A |
| U.S. Dollar | 111.5 | N/A |
| Canadian Dollar | 77.5 | N/A |
| Austrian Schilling | 132.7 | N/A |
| Belgian Franc | 97.1 | N/A |
| Danish Krone | 89.3 | N/A |
| Deutsche Mark | 141.8 | N/A |
| Swiss Franc | 165.9 | N/A |
| Guilder | 130.0 | N/A |
| French Franc | 70.5 | N/A |
| Lira | 48.0 | N/A |
| Yen | 206.8 | N/A |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

### OTHER CURRENCIES

| Nov. 11 | £ | $ |
|---|---|---|
| Argentina | 1.6350-1.6415 | 1.1380-1.1420 |
| Australia | 2.2275-2.2315 | 1.5495-1.5515 |
| Brazil | 20.13-20.26 | 14.02-14.09 |
| Finland | 7.1080-7.1200 | 4.9490-4.9510 |
| Greece | 198.92-202.34 | 138.19-140.52 |
| Hong Kong | 11.2050-11.2160 | 7.8005-7.8025 |
| Iran | 110.30* | 77.50* |
| Kuwait | 0.4205-0.4210 | 0.29280-0.29300 |
| Luxembourg | 60.80-60.90 | 42.25-42.35 |
| Malaysia | 3.7535-3.7605 | 2.6105-2.6135 |
| N. Zealand | 2.7640-2.7740 | 1.9230-1.9285 |
| Saudi Ar. | 5.3865-5.3900 | 3.7495-3.7500 |
| Singapore | 3.1440-3.1505 | 2.1900-2.1920 |
| S. Af. (Cm) | 3.2320-3.2565 | 2.2575-2.2650 |
| S. Af. (Fn) | 6.0545-6.3210 | 4.2105-4.3955 |
| U.A.E. | 5.2755-5.2805 | 3.6725-3.6735 |

* Selling rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu November 11 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 43.1139 | 43.4048 | +0.67 | +1.05 | ±1.5368 |
| Danish Krone | 7.81701 | 7.89163 | +0.95 | +1.33 | ±1.6403 |
| German D-Mark | 2.11083 | 2.08930 | −1.02 | −0.64 | ±1.1127 |
| French Franc | 6.87316 | 6.83271 | −0.59 | −0.21 | ±1.3659 |
| Dutch Guilder | 2.37833 | 2.36128 | −0.72 | −0.34 | ±1.5059 |
| Irish Punt | 0.764976 | 0.765912 | +0.12 | +0.50 | ±1.6683 |
| Italian Lira | 1476.95 | 1445.11 | −2.16 | −2.04 | ±4.0734 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT—FORWARD AGAINST THE POUND

| Nov. 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.4340-1.4425 | 1.4380-1.4425 | 0.63-0.60c pm | 5.13 | 1.74-1.69 pm | 4.77 |
| Canada | 1.9930-1.9990 | 1.9945-1.9955 | 0.51-0.41c pm | 2.77 | 1.24-1.09 pm | 2.34 |
| Netherlands | 3.30¼-3.32¼ | 3.30¼-3.31¼ | 1¼-1⅛c pm | 5.90 | 4⅝-4⅜ pm | 5.44 |
| Belgium | 60.78-61.11 | 60.80-60.90 | 23-18c pm | 4.04 | 59-50 pm | 3.58 |
| Denmark | 11.05-11.10¼ | 11.05-11.06 | 1⅞-¾ore pm | 1.42 | 4-2¾ pm | 1.22 |
| Ireland | 1.0705-1.0810 | 1.0725-1.0735 | 0.15-0.30p dis | −2.52 | 0.45-0.75 dis | −2.24 |
| W. Germany | 2.92½-2.94½ | 2.92½-2.93½ | 1¼-1⅛pf pm | 6.66 | 4⅝-4⅜ pm | 6.34 |
| Portugal | 214.40-215.42 | 214.40-215.25 | 71-119c dis | −5.31 | 230-381 dis | −5.69 |
| Spain | 196.00-197.00 | 196.07-196.35 | 19-57c dis | −2.32 | 45-135 dis | −1.83 |
| Italy | 2023¼-2037¾ | 2025-2026 | 3-par lire pm | 0.89 | 4—Par pm | 0.39 |
| Norway | 10.76¼-10.79¾ | 10.77¼-10.78¼ | 3½-4¼ore dis | −4.31 | 11¼-12¼ dis | −4.36 |
| France | 9.56¼-9.62½ | 9.56¾-9.57¾ | 3⅛-2⅞c pm | 3.60 | 7⅝-6⅞pm | 3.00 |
| Sweden | 10.01¼-10.05½ | 10.01½-10.02½ | 1⅞-1⅛ ore pm | 1.95 | 5⅜-4½pm | 1.97 |
| Japan | 232¾-234¾ | 232¼-233¼ | 1½-1⅛y pm | 7.08 | 3¾-3½ pm | 6.22 |
| Austria | 20.59-20.71 | 20.59-20.62 | 10⅞-9⅝gro pm | 5.97 | 27⅝-23⅞ pm | 5.00 |
| Switzerland | 2.42¼-2.44 | 2.42½-2.43½ | 1¼-1⅛ c pm | 8.02 | 4⅜-4⅛ pm | 7.00 |

Belgian rate is for convertible francs. Financial franc 61.15-61.25. Six-month forward dollar 3.28-3.23 c pm. 12-month 6.15-6.05 c pm

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Nov. 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4340-1.4425 | 1.4380-1.4390 | 0.63-0.60c pm | 5.13 | 1.74-1.69 pm | 4.77 |
| Ireland† | 1.3348-1.3410 | 1.3395-1.3405 | 0.92-0.82c pm | 7.79 | 2.65-2.40 pm | 7.54 |
| Canada | 1.3850-1.3890 | 1.3865-1.3875 | 0.26-0.29c dis | −2.38 | 0.83-0.88 dis | −2.46 |
| Netherlands | 2.2960-2.3100 | 2.2995-2.3005 | 0.13-0.11c pm | 0.63 | 0.37-0.34pm | 0.62 |
| Belgium | 42.24-42.48 | 42.25-42.35 | 3-5c dis | −1.13 | 11-15 dis | −1.22 |
| Denmark | 7.67¾-7.71 | 7.68¼-7.68¾ | 2.15-2.65ore dis | −3.75 | 6.65-7.15 dis | −3.59 |
| W. Germany | 2.0315-2.0460 | 2.0355-2.0365 | 0.27-0.24pf pm | 1.50 | 0.72-0.67 pm | 1.37 |
| Portugal | 149¼-149¾ | 149¼-149½ | 115-145c dis | −10.43 | 340-440 dis | −10.43 |
| Spain | 136.20-136.72 | 136.40-136.50 | 65-85c dis | −6.60 | 205-235 dis | −6.45 |
| Italy | 1405-1413 | 1407¾-1408¼ | 4½-5½lire dis | −4.26 | 15-16½dis | −4.48 |
| Norway | 7.47¾-7.50½ | 7.49-7.49½ | 5.75-6.05ore dis | −9.46 | 17.10-17.40dis | −9.22 |
| France | 6.64½-6.68 | 6.65¼-6.65¾ | 0.90-1.00c dis | −1.71 | 3.10-3.30 dis | −1.92 |
| Sweden | 6.95¼-6.98 | 6.96¼-6.96¾ | 1.75-1.90 ore dis | −3.15 | 4.75-5.05 dis | −2.82 |
| Japan | 161.90-162.65 | 162.10-162.20 | 0.27-0.22 y pm | 1.81 | 0.64-0.59 pm | 1.52 |
| Austria | 14.30¼-14.38¼ | 14.31¼-14.32¼ | 1.20-0.70gro pm | 0.79 | 1.75pm-0.25dis | 0.21 |
| Switzerland | 1.6830-1.7000 | 1.6885-1.6895 | 0.46-0.41 c pm | 3.10 | 0.96-0.91 pm | 2.22 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.50-42.60.

### EURO-CURRENCY INTEREST RATES

| Nov.11 | Short term | 7 Days' notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 10⅝-10⅞ | 10 13/16-10 15/16 | 10⅞-11 | 11-11 | 10 15/16-11 1/16 | 10 15/16-11 1/16 |
| U.S. Dollar | — | 5 13/16-6 1/16 | 6-6⅛ | 6-6⅛ | 6-6¼ | 6⅛-6¼ |
| Can. Dollar | 8⅛-8½ | 8⅛-8½ | 8 5/16-8 7/16 | 8 5/16-8 7/16 | 8½-8¾ | 8¾-9 |
| D. Guilder | 5¼-5⅜ | 5 5/16-5 7/16 | 5⅜-5½ | 5⅜-5½ | 5⅜-5½ | 5⅜-5½ |
| Sw. Franc | 2⅛-2⅜ | 1¾-2 | 3 1/16-3 5/16 | 3⅞-4 | 3⅞-4 | 3⅞-4 |
| Deutschmark | 4 3/16-4 5/16 | 4 3/16-4 5/16 | 4 3/16-4 5/16 | 4⅝-4¾ | 4⅝-4¾ | 4 11/16-4 13/16 |
| Fr. Franc | 7⅜-7½ | 7⅝-7¾ | 7⅝-7¾ | 7⅞-8⅛ | 8¼-8½ | 8-8¼ |
| Italian Lire | 9-10 | 9⅞-10⅛ | 9⅞-10⅛ | 10¼-10⅝ | 10¼-10⅝ | 10¼-10⅝ |
| B. Fr. (Fin.) | 7-7⅛ | 7⅛-7⅜ | 7⅛-7⅜ | 7 3/16-7 5/16 | 7 3/16-7 5/16 | 7 3/16-7 5/16 |
| B. Fr. (Con.) | 6¾-7¼ | 7-7½ | 7-7½ | 7¼-7⅝ | 7¼-7¾ | 7¼-7¾ |
| Yen | 3 13/16-4 1/16 | 3 13/16-4 | 4 3/16-4⅜ | 4⅝-4 13/16 | 4 9/16-4 13/16 | 4 9/16-4 13/16 |
| D. Krone | 9-9½ | 9¾-10¼ | 9½-10 | 10¼-10¾ | 10¼-10¾ | 10½-11 |
| Asian $ (Sing.) | 6-6⅛ | 6-6⅛ | 6-6⅛ | 6-6⅛ | 6-6⅛ | 6⅛-6¼ |

Long-term Eurodollars: Two years 6 11/16-6 13/16 per cent; three years 7-7¼ per cent; four years 7½-7¾ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Nov 11 | £ | $ | DM | YEN | F Fr. | S Fr. | H FL | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.439 | 2.930 | 233.3 | 9.573 | 2.430 | 3.308 | 2026 | 1.995 | 60.85 |
| $ | 0.695 | 1 | 2.036 | 162.2 | 6.655 | 1.689 | 2.300 | 1408 | 1.387 | 42.30 |
| DM | 0.341 | 0.491 | 1 | 79.61 | 3.267 | 0.829 | 1.129 | 691.3 | 0.681 | 20.77 |
| YEN | 4.287 | 6.167 | 12.56 | 1000 | 41.04 | 10.42 | 14.18 | 8684 | 8.553 | 260.9 |
| F Fr. | 1.045 | 1.503 | 3.061 | 243.7 | 10 | 2.539 | 3.455 | 2116 | 2.084 | 63.57 |
| S Fr. | 0.412 | 0.592 | 1.206 | 95.99 | 3.939 | 1 | 1.361 | 833.5 | 0.821 | 25.04 |
| H FL | 0.302 | 0.435 | 0.886 | 70.52 | 2.894 | 0.735 | 1 | 612.4 | 0.603 | 18.40 |
| Lira | 0.494 | 0.710 | 1.447 | 115.2 | 4.726 | 1.200 | 1.633 | 1000 | 0.985 | 30.04 |
| C $ | 0.501 | 0.721 | 1.469 | 116.9 | 4.798 | 1.218 | 1.658 | 1015 | 1 | 30.50 |
| B Fr. | 1.643 | 2.364 | 4.815 | 383.3 | 15.73 | 3.993 | 5.435 | 3329 | 3.279 | 100 |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

## FINANCIAL FUTURES

# Gilt prices slightly easier

GILT PRICES finished the day on a weaker note in the London International Financial Futures Exchange yesterday. Trading was a little confused and lacked any real trend with the closure of many US banks for Veterans Day. Comments by Mr Nigel Lawson, Chancellor of the Exchequer, about using higher interest rates if necessary to support the pound were judged as ill timed.

Restricted trading in the US tended to prompt traders to take an introspective look and Mr Lawson's comments appeared to have an unsettling influence, coming at a time when prices were coping with a recent rise in interest rates and benefiting from a stronger pound. Some dealers may have been trying to read something between the lines that was not there but the underlining of higher interest rates, already acknowledged as part of the Treasury's armoury, was taken badly. The December long gilt price opened at 109-22 up from 109-21 and touched a high of 109-24 before falling away during the afternoon to a low of 109-06. It closed on late short covering at 109-18.

Three-month sterling deposits traded within a fairly narrow range, finishing weaker on the day. There was some disappointment that Mrs Thatcher had not given any clues on the timing of the next General Election and cash markets failed to provide any inspiration, sporting a flat and unchanged yield curve.

US bond prices and three-month Euro-dollar deposits were generally lifeless, despite normal trading in Chicago, because of the closure of cash markets.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Dec. | Calls—Last Mar. | Puts—Last Dec. | Puts—Last Mar. |
|---|---|---|---|---|
| 106 | 3.38 | 4.52 | 0.02 | 1.06 |
| 108 | 1.51 | 3.33 | 0.15 | 1.51 |
| 110 | 0.38 | 2.29 | 1.02 | 2.47 |
| 112 | 0.07 | 1.40 | 2.35 | 3.58 |
| 114 | 0.01 | 1.02 | 4.29 | 5.20 |
| 116 | 0.00 | 0.39 | 6.28 | 6.57 |
| 118 | 0.00 | 0.23 | 8.28 | 8.41 |
| 120 | 0.00 | 0.12 | 10.28 | 10.30 |

Estimated volume total, Calls 602 Puts 88
Previous day's open int, Calls 24,540 Puts 6,812

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Dec. | Calls—Last Mar. | Puts—Last Dec. | Puts—Last Mar. |
|---|---|---|---|---|
| 88 | 8.20 | 8.00 | 0.00 | 0.32 |
| 90 | 6.20 | 6.23 | 0.00 | 0.55 |
| 92 | 4.20 | 4.59 | 0.00 | 1.27 |
| 94 | 2.23 | 3.43 | 0.03 | 2.11 |
| 96 | 0.51 | 2.41 | 0.31 | 3.09 |
| 98 | 0.07 | 1.53 | 1.53 | 4.21 |
| 100 | 0.00 | 1.15 | 3.44 | 5.47 |
| 102 | 0.00 | 0.51 | 5.44 | 7.19 |

Estimated volume total, Calls 40, Puts 5
Previous day's open int, Calls 980, Puts 1196

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls—Last Nov. | Calls—Last Dec. | Puts—Last Nov. | Puts—Last Dec. |
|---|---|---|---|---|
| 1550 | — | 11.27 | — | 0.37 |
| 1575 | 8.41 | 9.10 | 0.01 | 0.70 |
| 1600 | 5.97 | 7.12 | 0.07 | 1.22 |
| 1625 | 3.74 | 5.37 | 0.34 | 1.97 |
| 1650 | 1.95 | 3.90 | 1.05 | 3.00 |
| 1675 | 0.80 | 2.72 | 2.40 | 4.32 |
| 1700 | 0.25 | 1.81 | 4.35 | 5.91 |
| 1725 | 0.06 | 1.15 | 6.66 | 7.75 |

Estimated volume total, Calls 30, Puts 15
Previous day's open int, Calls 533, Puts 443

### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike Price | Calls—Last Nov. | Dec. | Jan. | Mar. | Puts—Last Nov. | Dec. | Jan. | Mar. |
|---|---|---|---|---|---|---|---|---|
| 1.30 | 13.85 | 13.85 | 13.85 | 13.85 | 0.00 | 0.00 | 0.05 | 0.42 |
| 1.35 | 8.85 | 8.85 | 8.85 | 8.85 | 0.00 | 0.05 | 0.36 | 1.28 |
| 1.40 | 3.85 | 3.85 | 4.12 | 4.55 | 0.00 | 0.61 | 1.48 | 3.00 |
| 1.45 | 0.10 | 1.05 | 1.62 | 2.31 | 1.33 | 2.85 | 3.98 | 5.76 |
| 1.50 | 0.00 | 0.14 | 0.46 | 1.02 | 6.23 | 6.94 | 7.82 | 9.47 |
| 1.55 | 0.00 | 0.01 | — | 0.39 | 11.23 | 11.81 | — | 13.84 |
| 1.60 | 0.00 | 0.00 | — | 0.13 | 16.23 | 16.80 | — | 18.58 |

Estimated volume total, Calls 125 Puts 75
Previous day's open int, Calls 2,478 Puts 2,949

### LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike Price | Calls—Last Nov. | Dec. | Jan. | Mar. | Puts—Last Nov. | Dec. | Jan. | Mar. |
|---|---|---|---|---|---|---|---|---|
| 1.35 | 9.20 | 9.20 | 9.20 | 9.20 | 0.25 | 0.25 | 0.45 | 1.20 |
| 1.40 | 4.20 | 4.20 | 4.50 | 5.00 | 0.25 | 0.60 | 1.45 | 2.80 |
| 1.45 | 0.25 | 1.15 | 1.75 | 2.45 | 1.40 | 2.70 | 3.95 | 5.50 |
| 1.50 | 0.25 | 0.30 | — | 1.15 | 6.40 | 6.90 | — | 9.15 |
| 1.55 | 0.25 | 0.25 | — | 0.45 | 13.70 | 13.70 | — | 16.10 |
| 1.60 | — | 0.25 | — | 0.25 | — | 18.70 | — | 20.90 |
| 1.65 | — | 0.70 | — | 1.50 | — | 18.70 | — | 20.20 |

Previous day's open int: Calls 2,409, Puts 1,014
Volume: 0

### PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike Price | Calls—Last Nov. | Dec. | Jan. | Mar. | Puts—Last Nov. | Dec. | Jan. | Mar. |
|---|---|---|---|---|---|---|---|---|
| 1.30 | 3.50 | 13.50 | 3.50 | 3.50 | — | — | 0.05 | — |
| 1.35 | 8.50 | 8.50 | 8.50 | 8.50 | — | 0.10 | 0.35 | 0.35 |
| 1.40 | 3.60 | 3.70 | 4.05 | 4.50 | 0.05 | 0.60 | 1.50 | 1.05 |
| 1.45 | 0.15 | 0.90 | 1.45 | 2.05 | 1.40 | 2.65 | 3.90 | 2.60 |
| 1.50 | — | 0.10 | 0.45 | 0.90 | 6.05 | 6.65 | 7.60 | 5.20 |
| 1.55 | — | — | — | 0.30 | 1.00 | 11.40 | — | 8.90 |
| 1.60 | — | — | — | 0.10 | 6.00 | 16.40 | — | 2.20 |

Previous day's open int: Calls 62,332 Puts 90,171
Previous day's volume, Calls 2,799 Puts 1,905

### LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

| Strike Price | Calls—Last Dec. | Mar. | June | Sept. | Puts—Last Dec. | Mar. | June | Sept. |
|---|---|---|---|---|---|---|---|---|
| 93.00 | 0.90 | 0.94 | 0.90 | — | 0.00 | 0.04 | 0.12 | — |
| 93.25 | 0.66 | 0.72 | 0.71 | — | 0.01 | 0.07 | 0.18 | — |
| 93.50 | 0.43 | 0.53 | 0.53 | — | 0.03 | 0.13 | 0.25 | — |
| 93.75 | 0.23 | 0.36 | 0.38 | — | 0.08 | 0.21 | 0.35 | — |
| 94.00 | 0.10 | 0.23 | 0.26 | — | 0.20 | 0.33 | 0.48 | — |
| 94.25 | 0.03 | 0.13 | 0.17 | — | 0.38 | 0.48 | 0.64 | — |
| 94.50 | 0.01 | 0.07 | 0.10 | — | 0.61 | 0.67 | 0.82 | — |

Previous day's open int: Calls 1,598 Puts 1,804
Estimated volume, Calls 50 Puts 0

### LONDON

#### 20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 109-18 | 109-24 | 109-06 | 110-21 |
| March | 109-23 | 109-13 | 109-13 | 109-26 |
| June | 109-23 | — | — | 109-26 |

Est volume 13,447 (11,037)
Previous day's open int. 18,204 (17,679).

#### 10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 96-00 | 95-60 | 95-45 | 95-55 |
| March | 96-02 | — | — | 95-57 |

Est Volume 95 (61)
Previous day's open int. 808 (807)

#### THREE-MONTH STERLING
£500,000 points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 88.90 | 89.01 | 88.89 | 88.99 |
| March | 89.20 | 89.31 | 89.20 | 89.31 |
| June | 89.43 | 89.49 | 89.42 | 89.47 |
| Sept. | 89.34 | 89.40 | 89.32 | 89.40 |
| Dec. | 89.09 | 89.10 | 89.06 | 89.17 |
| March | 88.84 | 88.78 | 88.78 | 88.92 |

Est Volume 3,411 (3,409)
Previous day's open int 14,146 (14,500)

#### FT-SE 100 INDEX
£25 per full index point

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 165.90 | 166.08 | 164.80 | 165.50 |
| March | 168.65 | 168.50 | 168.20 | 168.25 |

Estimated volume 395 (321)
Previous day's open int. 2,603 (2,601)

#### THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 93.90 | 93.92 | 93.89 | 93.87 |
| March | 93.90 | 93.93 | 93.89 | 93.88 |
| June | 93.78 | 93.80 | 93.77 | 93.76 |
| Sept. | 93.54 | 93.56 | 93.54 | 93.51 |
| Dec. | 93.20 | 93.22 | 93.22 | 93.17 |
| March | 92.82 | 92.84 | 92.84 | 92.79 |
| June | 92.44 | 92.44 | 92.44 | 92.41 |
| Sept. | 92.06 | — | — | 92.04 |

Estimated volume 2,721 (4,343)
Previous day's open int. 26,571 (26,424)

#### U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 96.10 | 96.17 | 96.10 | 95.26 |
| March | 95.16 | 95.19 | 95.17 | 95.00 |
| June | 94.19 | — | — | 94.03 |

Estimated Volume 842 (3,817)
Previous day's open int. 5,108 (5,101)

### CHICAGO

#### U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 96-20 | 96-21 | 96-18 | 96-18 |
| March | 95-23 | 95-24 | 95-21 | 95-12 |
| June | 94-25 | 94-26 | 94-24 | 94-24 |
| Sept. | 93-27 | 93-29 | 93-27 | 93-27 |
| Dec. | 93-00 | 93-00 | 92-31 | 93-00 |
| March | — | 92-07 | 92-07 | 92-07 |
| June | — | 91-16 | 90-16 | 91-16 |
| Sept | — | — | — | — |
| Dec. | 90-09 | 90-09 | 90-07 | 90-08 |
| March | — | — | — | 89-23 |

#### THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 93.88 | 93.91 | 93.88 | 93.87 |
| March | 93.89 | 93.92 | 93.88 | 93.88 |
| June | 93.78 | 93.80 | 93.78 | 93.75 |
| Sept. | 93.54 | 93.55 | 93.54 | 93.51 |
| Dec. | 93.19 | 93.21 | 93.19 | 93.17 |
| Mar. | 92.82 | 92.83 | 92.82 | 92.79 |
| June | 92.44 | 92.44 | — | 92.41 |
| Sept. | 92.06 | 92.06 | 92.06 | 92.03 |

#### SWISS FRANC (IMM)
SFr125,000 $ per SFr

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | .5934 | .5950 | .5929 | .5903 |
| Mar. | .5965 | .5980 | .5961 | .5932 |
| June | .60008 | — | — | .5963 |
| Sept. | .60338 | .6033 | — | .5993 |

#### JAPANESE YEN (IMM)
Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | .6175 | .6184 | .6170 | .6156 |
| March | .6195 | .6203 | .5193 | .6176 |
| June | .6220 | .6227 | .6220 | .6201 |

#### DEUTSCHE MARK (IMM)
DM125,000 $ per DM

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | .4916 | .4925 | .4911 | .4898 |
| March | .4937 | .4943 | .4928 | .4916 |
| June | .4949 | .4955 | .3948 | .4935 |

#### U.S. TREASURY BILLS (IMM)
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 94.64 | 94.70 | 94.64 | 94.67 |
| Mar. | 94.68 | 94.73 | 94.68 | 94.69 |
| June | 94.64 | 94.67 | 94.64 | 94.61 |
| Sept. | 94.43 | 94.44 | 94.43 | 94.40 |
| Dec. | 94.13 | 94.15 | 94.13 | 94.10 |

#### STANDARD & POORS 500 INDEX
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 246.75 | 247.15 | 246.35 | 246.55 |
| March | 247.60 | 247.95 | 247.15 | 247.30 |
| June | 248.45 | 248.55 | 248.15 | 248.20 |

### CURRENCY FUTURES

#### POUND—$ (FOREIGN EXCHANGE)

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.4385 | 1.4324 | 1.4214 | 1.4059 | 1.3775 |

#### IMM—STERLING $s per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec. | 1.4305 | 1.4330 | 1.4290 | 1.4320 |
| Mar. | 1.4135 | 1.4165 | 1.4125 | 1.4160 |
| June | 1.3990 | — | 1.3980 | 1.4010 |

#### LIFFE—STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec. | 1.4320 | 1.4335 | 1.4310 | 1.4305 |
| Mar. | 1.4155 | — | — | 1.4140 |
| June | 1.4005 | — | — | 1.3988 |

Estimated volume 3 (3)
Previous day's open int 1,613 (1,615)

## MONEY MARKETS

# London rates show little change

INTEREST RATES continued to show very little change in London yesterday. Trading was fairly quiet with the shortage of day to day credit after the Bank of England's assistance left with the interbank market. Overnight money touched a high of 12¾ per cent at one point and a low of 10 per cent. The three-month rate finished at 11⅛-11 per cent compared with 11⅛-10½ per cent on Monday.

**UK clearing bank base lending rate 11 per cent since October 15**

Once again the market was starved of any incentive to take a position. This was highlighted by the yield curve which showed a tiny difference between long and short term rates. Sterling's weaker trend in the close and Monday's comments by Mrs Thatcher at the Mansion House appeared to have little effect.

The Bank of England forecast a shortage of around £150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £189m and banks balances brought forward £15m below target. These were partly offset by a fall in the note circulation of £45m and Exchequer transactions which added £15m.

The Bank revised its forecast to a shortage of around £200m and gave assistance in the morning of £100m through outright purchases of £11m of eligible bank bills in band 1 at 10¾ per cent and £89m in band 2 at 10 21/32 per cent.

The forecast was revised once again to a shortage of around £250m, before taking into account the earlier help and the Bank gave no further assistance in the afternoon. Late help came to £10m, making a total of £110m.

In Frankfurt the Bundesbank allocated DM 6.1bn at 4.40 per cent at its latest sale and repurchase tender. The higher rate reflected aggressive bidding for funds with total applications of DM 25.8bn for the 28-day facility. Dealers suggested that the Bundesbank's departure from offering funds at a fixed rate was an attempt to push up domestic interest rates in order to curb a worrying expansion in money supply. Such action now may head off the need to raise the discount rate early next year, market sources suggested.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Nov.11) 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 6 | Offer 6⅛ | bid 6 | Offer 6⅛ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

#### NEW YORK (Lunchtime)

| | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 7½ | One month | N/A | Three year | N/A |
| Broker loan rate | 6¾-7 | Two month | N/A | Four year | N/A |
| Fed. funds | N/A | Three month | N/A | Five year | N/A |
| Fed. funds at intervention | N/A | Six month | N/A | Seven year | N/A |
| | | One year | N/A | 10 year | N/A |
| | | Two year | N/A | 30 year | N/A |

| Nov. 11 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 4.45-4.55 | 4.45-4.60 | 4.60-4.75 | 4.60-4.75 | 4.60-4.75 | 5.5 |
| Paris | 7½ | 7 5/16-7 7/16 | 7 5/16-7 7/16 | 7 9/16-7 11/16 | 7 11/16-7 13/16 | 7 |
| Zurich | ⅞-1⅛ | 3-3⅛ | — | 3⅞-4 | — | — |
| Amsterdam | 5⅜-5½ | 5⅜-5½ | — | 5⅜-5½ | — | — |
| Tokyo | 3.84375 | 4.28125 | — | 4.28125 | — | — |
| Milan | 10¾-11¼ | 10⅞-11⅛ | — | 11-11½ | — | — |
| Brussels | 5.25 | 7 3/16-7 5/16 | — | 7 3/16-7 5/16 | — | — |
| Dublin | 12⅞-13⅛ | 13⅝-13¾ | 13⅝-13⅞ | 13⅞-14 | 13⅝-13¾ | — |

### LONDON MONEY RATES

| Nov. 11 | Over-night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 12¾-10 | 11-10¾ | 11-10⅞ | 11⅛-11 | 11⅛-11 | 11 1/16-10 15/16 |
| Sterling CDs | — | — | 10 15/16-10⅞ | 11-10⅞ | 11-10⅞ | 10 15/16-10 13/16 |
| Local Authority Deposits | 10¾ | 10⅞-10¾ | 11-10⅞ | 11⅛-11 | 11⅛-10 15/16 | 11 1/16-10 15/16 |
| Local Authority Bonds | — | — | 11¼ | 11¼ | 11¼ | 11 |
| Discount Market Deposits | 11½-10¼ | 10⅞-10¾ | 10¾ | 10¾ | — | — |
| Company Deposits | 11 | 11¼ | 11¼-11 | 11 3/16 | 11 3/16 | 11 |
| Finance House Deposits | — | — | 11⅛ | 11⅛ | 11⅛ | 11⅛ |
| Treasury Bills (Buy) | — | — | 10 21/32 | 10 21/32 | — | — |
| Bank Bills (Buy) | — | — | 10 23/32 | 10 21/32 | 10½-10 15/32 | — |
| Fine Trade Bills (Buy) | — | — | 11 3/32 | 11 1/16 | 11 1/32 | — |
| Dollar CDs | — | — | 6.05-6.00 | 6.00-5.95 | 6.00-5.95 | 6.10-6.05 |
| SDR Linked Deposits | — | — | 6¼-6 | 6⅜-6⅛ | 6⅜-6⅛ | 6½-6¼ |
| ECU Linked Deposits | — | — | 7 5/16-7 3/16 | 7 5/16-7 3/16 | 7 5/16-7 3/16 | 7½-7⅜ |

Treasury Bills (sell); one-month 10 19/32 per cent; three-months 10⅝per cent; Bank Bills (sell): one-month 10¾ per cent; three months 10 21/32 per cent; Treasury Bills; Average tender rate of discount 10.5680 p.c. ECGD Fixed Finance Scheme IV reference date October 8 to 31 (inclusive): 11.237 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from November 1, 1986: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11¼ per cent; Under £100,000 10⅞per cent from October 16. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.



## Company Notice

**GIST-BROCADES N.V.**
**5¾% Convertible Debenture Loan 1969**
**US$15,000,000**

In accordance with Article 3 of the Trust Deed the undersigned announces that the redemption per 1 January 1987 will amount to US$75,000.

The redemption shall take place by drawing, to be held on 17 November 1986 of 75 Debentures of US$1,000. Up to 1 November 1986 a total of 11,213 Debentures were converted including 1,590 drawn Debentures, and a total of 3,042 Debentures were redeemed. Consequently, the principal amount of the Debentures outstanding is US$745,000.

B.V. ALGEMEEN ADMINISTRATIE-EN TRUSTKANTOOR
Wijnhaven 14,
3011 WP ROTTERDAM
The Netherlands

Rotterdam,
3 November 1986.

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We deeply mourn the loss of our friend and associate

**SANDY JOYCE**

on

**9th November 1986**

PURCELL GRAHAM & COMPANY
New York London Hong Kong

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# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1986 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102⅜ | 100⅛ | Exch. 13¼pc 1987 | 100⅛ | −⅛ | 13.21 | 11.10 |
| 100⅝ | 97⅞ | Treas 10¼pcCv '87 | 99¾ | +⅛ | 10.28 | 10.83 |
| 98⅞ | 92⅞ | Exch 2½pc 1987 | 98⅛ | −⅛ | 2.55 | 9.38 |
| 101⅛ | 97½ | Exch. 10½pc 1987 | 99¾ | ..... | 10.53 | 11.08 |
| 98⅜ | 93⅝ | Funding 6½pc 85-87 | 98⅞ | −⅛ | 6.60 | 10.05 |
| 101⅛ | 96⅞ | Treas. 10pc 1987 | 99½ | −⅛ | 10.05 | 11.03 |
| 97⅛ | 90⅞ | Treas 3pc 1987 | 96⅞ | ..... | 3.11 | 8.55 |
| 104½ | 99⅛ | Treas. 12pc 1987 | 100⅞ | −⅛ | 11.89 | 10.95 |
| 99⅛ | 92⅞ | Treas 7¾pc 1985-88‡‡ | 96⅝ | +⅛ | 8.02 | 10.73 |
| 104 | 96⅛ | Exch 10½pc '88 | 99⅞ | +1⅛ | 10.59 | 11.14 |
| 102⅝ | 95⅛ | Treas 9¾pc Cv '88 | 98⅛ | ..... | 9.94 | 11.17 |
| 94⅛ | 86⅝ | Transport 3pc '78-88 | 91⅞ | ..... | 3.27 | 8.55 |
| 102½ | 93⅞ | Treas. 9½pc '88 | 97⅛ | −⅛ | 9.78 | 11.17 |
| 107⅞ | 98⅞ | Treas 11½pc 1989 | 100⅞ | −⅛ | 11.45 | 11.21 |
| 103½ | 93⅝ | Treas 9½pc Cnv 1989 | 96⅞ | −⅛ | 9.85 | 11.22 |
| 92⅛ | 82⅞ | Treas 3pc 1989 | 88 | ..... | 3.41 | 8.42 |
| 105⅞ | 95⅞ | Treas 10½pc 1989 | 98⅞ | +⅛ | 10.67 | 11.26 |
| 104⅞ | 94⅛ | Exch 10pc 1989 | 97 | −⅛ | 10.31 | 11.28 |
| 107⅞ | 97 | Exch 11pc 1989 | 99⅞ | −⅛ | 11.07 | 11.23 |
| 93⅞ | 84½ | Treas 5pc 1986-89 | 88⅛ | +⅛ | 5.66 | 9.65 |
| 110⅞ | 94⅝ | Exch 10¼pcCv '89 | 100 | −⅛ | 10.25 | 10.25 |
| 114⅞ | 103⅞ | Treas 13pc 1990‡‡ | 104⅞ | −⅛ | 12.45 | 11.25 |
| 108⅛ | 97⅛ | Exch 11pc 1990‡‡ | 99⅞ | −⅛ | 11.07 | 11.20 |
| 113⅛ | 101⅞ | Exch. 12½pc 1990 | 103⅛ | −⅛ | 12.09 | 11.26 |
| 89⅛ | 79⅝ | Treas. 3pc 1990 | 83⅞ | ..... | 3.60 | 8.61 |
| 100⅞ | 89⅝ | Treas 8¼pc 1987-90‡‡ | 93⅞ | ..... | 8.85 | 10.60 |
| 106⅞ | 95 | Treas. 10pcCv 1990 | 96⅛ | −⅛ | 10.40 | 11.23 |

[illegible]

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

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### Undated

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## NOTES

## REGIONAL & IRISH STOCKS

" Recent Issues " and " Rights " Page 43 (International Edition Page 33)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

# Good reception for Unilever figures features sluggish trade in both gilts and equities

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct 27 | Nov 6 | Nov 7 | Nov 17 |
| Nov 10 | Nov 20 | Nov 21 | Dec 1 |
| Nov 24 | Dec 4 | Dec 5 | Dec 15 |

*New time dealings may take place from 9.00 am two business days earlier.

UK securities markets drifted aimlessly yesterday, still uncertain of the implications of the Government's spending plans, and lacking a lead from the US, where Federal bond markets were closed for Veterans Day.

The gilt-edged market ended a shade easier on the session, after a successful, but somewhat technical, rally had trimmed earlier losses of ¼ point or so. The FT Government Securities index at 82.15 was 0.43 off.

The initial softness in Government bond prices masked a moderate two-way trade. Bear closing was encouraged by the steady close in the New York bond market and by optimism that this week's meeting of the Opec pricing committee will push for higher crude prices, thus helping sterling resist worries over the UK spending proposals.

However, there was not much retail interest in gilts, and traders were cautious while awaiting the next trading session in New York, and the outcome of the UK by-election at Knowsley North tomorrow (Thursday).

For much of the session, the stock market was also rudderless, with oil stocks responding very modestly to reports that Saudi Arabia intends to seek higher oil prices at this week's meeting. British Petroleum edged higher but turnover, at 851,000 shares, was well below recent levels. Shell followed suit, on turnover a little better at 1m shares.

The late rally in the bond market helped equities in the closing minutes. The broader-based market indices, which had drifted lower throughout the session, flicked higher in late dealings.

The FT-SE 100 index closed a net 4.7 higher at 1,660.9, but the FT Ordinary index fell 1.6 to 1,311.7.

Excellent quarter results brought a sharp gain in Unilever, although here again, turnover (805,000) was not exciting. The share gain confirmed recent bullishness towards Unilever, which has been based on expectations that the Anglo-Dutch group intends making an acquisition shortly.

There was a touch of selling of Imperial Chemical Industries stock out of New York. Glaxo, however, continued to benefit from its recent recommendation by a leading Japanese house. Elsewhere, the major stocks lacked both turnover and features.

## Equity & Law rise

Equity and Law provided an isolated firm feature in an otherwise quietly dull Insurance sector, rising 17 to 294p on persistent speculative support. Elsewhere, C. E. Heath continued to reflect doubts about whether the unwelcome bid from PWS International would succeed and dropped further to 485p before rallying to close 2 down at 498p. PWS closed 5 up at 295p. Awaiting today's third-quarter results, Commercial Union softened a few pence at 281p. Royals, scheduled to report nine-monthly figures tomorrow, gave up 8 at 810p, while falls of 6 and 7 respectively were seen in GRE at 790p, and Sun Alliance, at 678p.

Morgan Grenfell's recent recovery was temporarily halted by the shock resignation of Mr Geoffrey Collier, head of the group's securities operations; the shares fell to 395p before rallying to close unaltered on balance at 401p. Hambros, however, firmed 5 more to 230p following Press comment. Among Hire purchases, Moorgate Mercantile rose 4½ to 54½p in response to the bumper interim profits. The clearers generally gave ground for want of support. Lloyds lost 7 at 417p and NatWest relinquished 5 at 513p. Barclays eased 2 at 477p, but Midland resisted and edged forward to 573p ahead of forthcoming company presentations to brokers.

Breweries were mixed. Dealers reported minimal interest during the morning but were encouraged by revived demand later, particularly in Bass which responded to brokers' views that the shares were undervalued with a gain of 14 to 755p. Allied-Lyons rose 5 more to 317p, while Whitbread A remained lively and advanced 3 more to 280p.

## Helical Bar feature

Secondary issues provided the significant movements in the Building sector. Helical Bar were given a fresh boost by news that contracts had been exchanged for the disposal to BP Properties of its Chiswell Street City office development and the price responded with a surge to 473p before the close of a net 30 up on the day at 453p. Asset injection hopes in the wake of the agreed 70p per share offer for the company from Mr. R. Thompson lifted F. Copson 53 to 115p, while revived demand in a restricted market left Turriff 13 higher at 190p. F. J. C. Lilley added 2 to 38p on takeover hopes in the wake of the recent poor results, while John Laing revived with a gain of 9½p at 387½p. Among the leaders, profit-taking clipped 6½ from recently firm Redland at 406p; the new nil paid shares lost 5 to 60p premium.

Chemicals attracted selective support. Laporte edged up 3 to 412p and Wardle Storeys hardened a couple of pence to 368p. BTP put on 5 to 140p.

## Harris Queensway

Harris Queensway returned to prominence among the leading retailers, rising 8 to 222p on revived speculative support; last week Gussies revealed that it had increased its stake in HQ to 23.39 per cent. Marks and Spencer improved a few pence to 197p and Woolworth added 8 to 638p on continuing hopes of a pre-Christmas spending boom. Storehouse, on the other hand, dropped 9 to 329p, after 327p, following selling ahead of tomorrow's interim figures. Speculative interest was again shown for selected secondary stocks notably Goodman Bros. which firmed 3 at 34½p and Lanca, a further 4 dearer at 55p. Executex added 2 at 35p and Martin Ford put on 4 at 64p. Lee Cooper lost 10 to 293p after profit-taking in the wake of the recent good rise which greeted news of the increased stake taken in the company by French interests. Windsmoor came on offer at 67p, down 10. A couple of contrasting movements emerged among Shoe concerns. FII rose 15 to 360p following revived speculative support, but Style shed 7 at 228p after the liquidation of speculative positions.

GEC, still reflecting hopes that the group's Nimrod aircraft will be chosen by the Government instead of the American Boeing AWACs aircraft, firmed 4 to 179p. Cable and Wireless rallied 6 to 305p, but Thorn EMI gave up 6 at 486p and BICC cheapened 5 at 284p. Elsewhere in Electricals, Electronic Machine improved a couple of pence more initially to 85p before being suspended at the company's request pending an announcement. Bowthorpe put on 20 at 563p and Memcom rose 6 at 31p. Microfilm Reprographics lost 40 to 640p despite news of the excellent results and proposed 50 per cent scrip issue.

Engineers remained a relative backwater. Press mention stimulated interest in B. Elliott, 4 better at 83p, after 85p, but GEI International eased 3 to 88½p following disappointing interim results. Laird Group met with a flurry of demand and closed 5 to the good at 223p.

## J. Sainsbury please

J. Sainsbury revealed an impressive set of interim results and the price responded with a gain of 5 at 423p. Argyll were also firm at 315p, up 7, while Dee Corporation hardened 3 to 210p. Tate and Lyle rose 12 to 593p on hopes that its proposed bid approach to S. & W. Berisford will be given the green light by the Monopolies Commission; Berisford, firm last week on news that the company was close to agreement with Ferruzzi of Italy regarding the latter taking a 70 per cent stake in the Berisford subsidiary British Sugar, came back 7 to 271p. Ranks Hovis McDougall gained 7 to 269p on Australian takeover hopes.

## Pilkington lower

Further unwinding of recent speculative positions in the absence of the recently rumoured BTR bid prompted a fresh reaction of 11 to 540p in Pilkington Bros. Among the other miscellaneous industrial leaders, Reed International, helped by the excellent results from its publishing subsidiary RHP, met with buying interest and advanced 13 to 290p; it was announced yesterday that discussions are taking place with regard to the sale of Reed's Medway division to a Swedish company. Unilever, up 30⅝ at 20⅞, reflected the good third quarter figures, while Reckitt and Colman responded to Press mention with a gain of 7 at 815p. Hanson Trust remained a lively market, but closed without alteration at 214½p. Trafalgar House, partly reflecting the recent advance in the Building sector, put on 7 to 290p. Elsewhere, Smiths Industries continued to attract buyers awaiting today's preliminary satement and rose 9 to 267p. Christies International, an old takeover favourite, came to life with a rise of 13 to 302p, but disappointing preliminary figures left Cosalt 19 cheaper at 84p. Burns Anderson jumped 21 to 106p on the bid of just over 100p per share from Ashworth Sons and Barratt on behalf of Dudley Limited. Still on hopes of orders for the A300-600 Airbus jets, British Aerospace advanced afresh to 500p before closing 12 higher on the day at 496p. De La Rue gave up 13 to 330p after the interim figures, but satisfactory annual results left Bibby 5 better at 265p.

Travel issues made good headway following reports of booming holiday bookings. Saga attracted support and rose 13 to 152p, while Horizon firmed 3 to 127p. International Leisure support at 157p, up 5, while Campari continued to reflect takeover hopes and added a penny more to 121p, after 126p.

Two outstanding firm features emerged in Motors. Armstrong Equipment, at 135p, and Glanfield Lawrence, at 108p, jumped 15 and 17 respectively in response to persistent speculative support. Elsewhere, Lookers touched 200p before closing a few pence dearer at 198p on the announcement that Charterhall had increased its stake in the company to nearly 15 per cent. Lucas, however, fell 12 more for a two-day decline of 24 at 457p after comment on the annual results.

Confirmation that Saatchi and Saatchi had appointed Mr Vic Millar as chairman of its consultancy division helped the shares rise 10 further to 655p. DRG, meanwhile, reflected revived takeover hopes with a fresh rise of 8 at 286p.

A brisk turnover ensued in Land Securities ahead of today's half-timer and the price close 6 dearer at 344½p. Other leading Properties traded quietly, but the undertone remained firm. British Land were favoured at 187p, up 4, while Peachey added a penny to 275p and Hammerson A hardened a couple of pence to 445p. Elsewhere, Phoenix Property revived strongly and gained 7 to 88p, but Marler Estates encountered light profit-taking in the wake of the recent good run and closed 5 off at 618p. Brookmount continued to respond to news of the joint property venture with Blue Circle and rose 13 to 333p, a two-day gain of 36. Regalian attracted support and rose 15 to 325p.

Among the occasional movements in the Textile sector, Victoria Carpets, up sharply in the previous trading session on J. Crowther bid suggestions, reacted smartly to close 17 lower at 128p. Jerome Holdings, on the other hand, continued to attract support and put on 3 more to 114p.

Among Financials, interest revived in Kellock, up 24 at 250p in a limited market, while USM quoted United Trust and Credit continued to make headway at 381p, up 8. Britannia Arrow ended 4⅛ down at 148p; it was announced yesterday that the company has agreed to buy 45 per cent of a US fund management group, Ivesco, to be financed by the issue of 34,571,429 new Britannia ordinary shares.

## Oils trade quietly

Easier initially in the absence of buyers, the oil majors gradually picked up to close a shade firmer for choice. British Petroleum finished 5 better at 694p, while Shell closed 11 dearer on balance at 950p, after 938p. Britoil ended 2 up at 166p, and LASMO 5 higher at 152p. Ultramar encountered nervous selling in front of today's first-quarter figures and shed 6 to 158p. Elsewhere, Bryson were unmoved following the half-year figures and proposed £7m rights issue. Conroy attracted fresh support and rose 15 to 323p.

## ConsGold buoyant

Activity in London mining markets centred on perennial takeover situation Consolidated Gold Fields; the shares, relatively subdued in recent sessions, encountered persistent interest, much of which reportedly emanated from Swiss sources, to close 38 up at 701p. Speculation that Mr Harry Oppenheimer is prepared to countenance a break-up bid added fuel to the fire: the Oppenheimer family controls around 28 per cent of ConsGold via the Bermudian-registered Minorco. RTZ also responded to late demand and advanced 13 more to 703p.

South African Golds opened on a dull note, mirroring overnight indications from Wall Street. Lower bullion and the Financial Rand's firmer showing against the dollar stifled transatlantic enthusiasm. Scant interest was evident from the Cape or from London, while the closure of the Paris and Brussels bourses for Armistice Day proved to be another inhibiting factor on business. Nevertheless, occasional demand from Switzerland proved to be sufficient to leave the FT Gold Mines index 4.9 up at 309.1.

Australian mines finished lower across the board reflecting domestic and overseas offerings following the dull performance by the local currency and continued nervousness ahead of tomorrow's current account statistics. CRA were hardest hit and closed 10 cheaper at 348p, while losses of around 6 were common to MIM Holdings, 107p, Western Mining, 207p, and Peko-Wallsend, 268p. Golds went lower in line with the bullion price— Central Norseman, 640p, and Whim Creek, 198p, fell 10 apiece, while Poseidon dipped 4 to 223p.

## Traded Options

Total contracts transacted in Traded Options amounted to 42,656. Business was again well-distributed throughout the list with recent favourites well to the fore. Hanson Trust accounted for 4,542 calls, while British Telecom and TSB attracted 3,449 and 2,756 calls respectively. Dealers also reported enthusiasm for Cable and Wireless and British Aerospace calls. Put business was dominated by GEC which attracted 4,460 trades with the January 180 series proving to be particularly popular.

## Traditional Options

- First dealings Nov 3 Nov 17 Dec 1
- Last dealings Nov 14 Nov 28 Dec 12
- Last declaration Feb 5 Feb 19 Mar 5
- For Settlement Feb 16 Mar 2 Mar 16

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Alpine Soft Drinks, Nelson, Tricentrol, Hughes Food, Quest Automation, Amstrad, Bridon, Hestair, Control Securities, Benjamin Priest, Ultramar, Johnson and Firth Brown, Southend Stadium, London and Northern, Reeds, J. E. England, STC, F.J.C. Lilley, Prestwich, Atlantic Resources and Bestwood. A put was done in Norton Opax, while a double was transacted in Bristol Channel Ship Repairers.

## FINANCIAL TIMES STOCK INDICES

| | Nov. 11 | Nov. 10 | Nov. 7 | Nov. 6 | Nov. 5 | year ago | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 82.15 | 82.58 | 82.58 | 83.10 | 83.19 | 83.25 | 94.51 (18/4) | 80.39 (20/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 88.93 | 89.04 | 89.02 | 89.15 | 89.15 | 88.65 | 97.68 (7/7) | 86.55 (23/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1,311.7 | 1,313.3 | 1,317.2 | 1,303.9 | 1,296.3 | 1,074.6 | 1,425.9 (3/4) | 1,094.3 (14/1) | 1,425.9 (3/4/86) | 49.4 (26/6/40) |
| Gold Mines | 309.1 | 304.2 | 300.1 | 291.5 | 300.7 | 257.4 | 357.8 (22/9) | 185.7 (18/7) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 4.35 | 4.35 | 4.31 | 4.35 | 4.36 | 4.48 | | | | |
| Earnings Yld.% (full) | 10.05 | 9.98 | 9.95 | 10.04 | 10.06 | 11.11 | | | | |
| P/E Ratio (net) (*) | 12.17 | †12.26 | †12.29 | †12.19 | †12.16 | 11.10 | | | | |
| SEAQ Bargains (5pm) | 30,909 | 34,978 | 34,411 | 32,328 | 29,616 | — | | | | |
| Equity Turnover | — | 1,034.96 | 1,083.04 | 1,253.23 | 1,176.00 | 485.61 | | | | |
| Equity Bargains | — | 47,949 | 42,029 | 46,033 | 41,679 | 22,741 | | | | |
| Shares Traded (ml) | — | 494.3 | 515.4 | 346.7 | 501.1 | 212.2 | | | | |

**S.E. ACTIVITY**

| Indices | Nov. 10 | Nov. 7 |
|---|---|---|
| Gilt Edged Bargains | 133.7 | 165.1 |
| Equity Bargains | 310.7 | 317.7 |
| Equity Value | 2091.9 | 2189.1 |
| 5-Day Average | | |
| Gilt Edged Bargains | 145.9 | 144.6 |
| Equity Bargains | 296.8 | 285.9 |
| Equity Value | 2304.4 | 2179.8 |

♥ Opening 1312.4 | 10 a.m. 1309.6 | 11 a.m. 1308.6 | Noon 1309.9 | 1 p.m. 1309.2 | 2 p.m. 1308.1 | 3 p.m. 1307.8 | 4 p.m. 1308.7

Day's High 1312.5. Day's Low 1296.1.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.67 †Corrected

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## NEW HIGHS AND LOWS FOR 1986

**NEW HIGHS (111)**

Canadians (1), Banks (1), Brewers (2), Buildings (6), Chemicals (2), Stores (3), Electricals (4), Engineering (1), Foods (5), Hotels (1), Industrials (17), Leisure (6), Motors (2), Newspapers (1), Paper (7), Property (9), Shipping (1), Shoes (1), Textiles (2), Trusts (33), Oils (3), Overseas Traders (2), Mines (1).

**NEW LOWS (13)**

British Funds (1), Consols 2½pc. Loans (1), Nationwide 3⅞pc 11. Ln 2021. Americans (3) Bethlehem Steel, Chase Manhattan, Colt Inds. Stores (2), Gee (Cecil), Windsmoor. Electricals (1), Northamber. Industrials (2), Magnacard, Office & Elect. Insurance (1), Alexander & Alexander. Leisure (1), Nimslo Intnl. Property (1), Slough Estates 12⅝pc Ln 2009.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 4 | 91 | 18 |
| Corporations, Dom. and Foreign Bonds | 4 | 1 | 26 |
| Industrials | 431 | 420 | 673 |
| Financial & Properties | 152 | 125 | 297 |
| Oils | 28 | 33 | 34 |
| Plantations | 2 | 3 | 9 |
| Mines | 44 | 89 | 97 |
| Others | 65 | 33 | 78 |
| Totals | 769 | 776 | 1,239 |

## FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS** — Tuesday November 11 1986

Figures in parentheses show number of stocks per section

| Equity groups & sub-sections | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 29%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Mon Nov 10 Index No. | Fri Nov 7 Index No. | Thur Nov 6 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## FIXED INTEREST

| PRICE INDICES | Tue Nov 11 | Day's change % | Mon Nov 10 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| AVERAGE GROSS REDEMPTION YIELDS | Tue Nov 11 | Mon Nov 10 | Year ago (approx.) |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

♦Opening index 1655.5; 10 am 1653.6; 11 am 1653.1; Noon 1654.9; 1 pm 1654.7; 2 pm 1654.4; 3 pm 1653.8; 3.30 pm 1655.1; 4 pm 1656.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

## LONDON TRADED OPTIONS

| Option | | Calls | | | Puts | | |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

November 11. Total Contracts 42,656. Calls 29,803. Puts 12,853. FT-SE Index, Calls 634, Puts 681. *Underlying security price.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. 86 Vol. | Nov. 86 Last | Feb. 87 Vol. | Feb. 87 Last | May. 87 Vol. | May. 87 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

TOTAL VOLUME IN CONTRACTS: 23,[illegible]

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| Bank | % | Bank | % |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

# WORLD STOCK MARKETS

## AUSTRIA

[illegible]

## BELGIUM/LUXEMBOURG

[illegible]

## DENMARK

[illegible]

## FINLAND

[illegible]

## NETHERLANDS

[illegible]

## NORWAY

[illegible]

## GERMANY

[illegible]

## ITALY

[illegible]

## FRANCE

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## AUSTRALIA

[illegible]

## AUSTRALIA (continued)

[illegible]

## HONG KONG

[illegible]

## JAPAN

[illegible]

## JAPAN (continued)

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

# OVER-THE-COUNTER

Continued from Page 43

[illegible]

# CANADA

## TORONTO

*Closing prices November 11*

[illegible]

Total Sales 3,206,430 shares

## MONTREAL

*Closing prices November 11*

[illegible]

# Indices

## NEW YORK-DOW JONES

| | Nov 11 | Nov 10 | Nov 7 | Nov 6 | Nov 5 | Nov 4 | 1985/86 High | 1985/86 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,885.85 | 1,892.29 | 1,886.53 | 1,881.58 | 1,888.04 | 1,892.44 | 1919.71 (4/9/86) | 1582.29 (22/1/86) | 1919.71 (4/9/86) | 41.22 (2/7/32) |
| Transport | 838.63 | 844.63 | 845.9 | 848.25 | 849.83 | 844.58 | 849.63 (5/11/86) | 686.97 (8/1/86) | 849.63 (5/11/86) | 12.32 (8/7/32) |
| Utilities | 210.44 | 210.27 | 209.81 | 210.58 | 210.44 | 210.38 | 219.15 (20/8/86) | 169.47 (22/1/86) | 219.15 (20/8/86) | 10.5 (8/4/32) |
| Trading vol | — | 120.22m | 142.38m | 185.28m | 183.17m | 163.24m | — | — | — | — |

| | Oct 31 | Oct 24 | Oct 17 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 3.66 | 3.74 | 3.73 | 4.54 |

## STANDARD AND POORS

| | Nov 11 | Nov 10 | Nov 7 | Nov 6 | Nov 5 | Nov 4 | 1986 High | 1986 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 275.88 | 273.81 | 273.30 | 273.38 | 274.19 | 273.66 | 282.24 (2/7) | 224.48 (22/1) | 282.24 (2/7/86) | 3.62 (21/6/32) |
| Composite | 247.88 | 246.13 | 245.77 | 245.87 | 246.58 | 246.20 | 253.3 (27/8) | 203.48 (22/1) | 253.3 (27/8) | 4.40 (1/6/32) |

| | Oct 29 | Oct 22 | Oct 15 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 3.04 | 3.08 | 3.07 | 3.71 |
| Ind. P/E Ratio | 17.24 | 16.92 | 17.08 | 12.71 |
| Long Gov Bond Yield | 7.78 | 7.82 | — | 10.15 |

## N.Y.S.E. ALL COMMON

| Nov 11 | Nov 10 | Nov 7 | Nov 6 | 1986 High | 1986 Low |
|---|---|---|---|---|---|
| 142.14 | 141.71 | 141.58 | 141.66 | 146.75 (4/9) | 117.75 (22/1) |

## RISES AND FALLS

| | Nov 10 | Nov 7 | Nov 6 |
|---|---|---|---|
| Issues traded | 2,011 | 1,982 | 1,996 |
| Rises | 848 | 738 | 840 |
| Falls | 725 | 799 | 904 |
| Unchanged | 448 | 445 | 452 |

## NYSE-Consolidated 1500 Actives

| | Stocks Traded | 3.00p.m. Price | Change on Day | | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|---|---|---|---|
| US X CP | 2,868,100 | 23½ | — ⅜ | ITT Corp | 1,433,600 | 56⅝ | +1⅛ |
| Staley Cont | 2,143,100 | 34 | +2 | EF Hutton | 1,291,900 | 45½ | — ½ |
| Mobil | 1,967,500 | 39⅝ | + ½ | Unocal CP | 1,257,400 | 27⅛ | +2 |
| Con M PS | 1,722,200 | 30½ | — ½ | Beth Std | 1,239,400 | 5⅝ | — ⅜ |
| ATT | 1,650,400 | 25⅜ | + ⅜ | Gillette | 1,219,200 | 55½ | +1½ |

Advances 865 Declines 792

## TORONTO

| | Nov 11 | Nov 10 | Nov 7 | Nov 6 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,134.90 | 2,143.40 | 2,131.8 | 2,133.3 | 2,442.85 (21/3) | 1,817.4 (5/8) |
| Composite | 3,071.70 | 3,073.60 | 3,070.8 | 3,070.80 | 3,129.11 (18/4) | 2,754.8 (17/2) |
| MONTREAL Portfolio | 558.40 | 1,558.2 | 1,554.2 | 1,556.4 | 1,623.33 (16/4) | 1,388.8 (22/1) |

* Indicates pre-close figure

| | Nov. 11 | Nov. 10 | Nov. 7 | Nov. 6 | 1986 High | 1986 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 1385.8 | 1400.7 | 1403.5 | 1395.3 | 1465.5 (7/11) | 1019.8 (2/1) |
| Metals & Mnls. (1/1/80) | 695.6 | 706.8 | 711.2 | 707.5 | 719.9 (21/10) | 481.1 (20/1) |
| **AUSTRIA** | | | | | | |
| Creditbk Aktien(30/12/84) | 227.87 | 227.87 | 227.5 | 227.89 | 286.64 (23/4) | 226.58 (6/5) |
| **BELGIUM** | | | | | | |
| Brussel SE (1/1/84) | (c) | 4005.45 | 3965.15 | 3954.25 | 4084.35 (9/9) | 2766.91 (16/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 188.28 | 189.06 | 191.64 | 193.27 | 258.70 (18/4) | 188.28 (11/11) |
| **FINLAND** | | | | | | |
| Unitas Genl. (1975) | 405.5 | 404.5 | 404.7 | 404.1 | 417.7 (8/10) | 258.3 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | (c) | 380.8 | 378.3 | 378.4 | 412.5 (1/9) | 257.8 (2/1) |
| Ind Tendance (31/12/82) | (c) | 144.9 | 144.7 | 144.7 | 158.0 (28/8) | 101.8 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 666.67 | 670.27 | 669.78 | 670.82 | 753.88 (17/4) | 585.92 (22/7) |
| Commerzbank (1/12/53) | 2006.1 | 2021.7 | 2019.1 | 2071.9 | 2279.8 (17/4) | 1792.4 (22/7) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank(31/7/64) | 2207.26 | 2206.78 | 2218.38 | 2230.65 | 2355.35 (28/10) | 1559.94 (19/3) |
| **ITALY** | | | | | | |
| Banca Comm Ital. (1972) | 754.68 | 761.29 | 768.61 | 778.18 | 908.20 (28/5) | 454.67 (24/1) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 17596.6 | 17653.2 | 16875.6 | 16756.3 | 18936.2 (20/8) | 12881.8 (21/1) |
| Tokyo SE New (4/1/68) | 1450.57 | 1415.66 | 1409.18 | 1395.48 | 1583.35 (20/8) | 1025.85 (21/1) |
| **NETHERLANDS** | | | | | | |
| ANP.CBS General (1970) | 285.0 | 284.8 | 285.3 | 289.9 | 301.8 (6/8) | 240.4 (3/3) |
| ANP.CBS Indust (1970) | 285.3 | 288.4 | 288.9 | 279.6 | 305.9 (19/8) | 254.8 (3/3) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 380.04 | 378.01 | 379.83 | 376.67 | 402.81 (16/1) | 331.61 (4/8) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 873.28 | 879.78 | 894.30 | 907.78 | 940.64 (3/11) | 663.34 (28/4) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | — | 1881.8 | 1879.0 | 1889.0 | 2061.0 (19/8) | 1109.1 (21/4) |
| JSE Indust (28/9/78) | — | 1415.9 | 1414.0 | 1414.0 | 1416.0 (6/11) | 1019.5 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 179.20 | 185.90 | 185.31 | 182.67 | 208.75 (8/10) | 106.85 (3/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P (31/12/56) | 2851.14 | 2888.11 | 2872.78 | 2852.25 | 2872.78 (7/11) | 1728.57 (20/1) |
| **SWITZERLAND** | | | | | | |
| SwissBankCpn (31/12/58) | 565.0 | 564.2 | 574.0 | 575.5 | 625.5 (8/1) | 497.2 (4/8) |
| **WORLD** | | | | | | |
| M S. Capital Intl.(1/1/70) | — | 540.8 | 550.6 | 555.6 | 560.9 (1/8) | 249.8 (25/1) |

** Saturday November 8: Japan Nikkei (c). TSE (c).

Base values of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. U Unavailable.

## LONDON Chief price changes (in pence unless otherwise indicated)

| RISES | | | | | |
|---|---|---|---|---|---|
| Armstrong Eq | 135 | +15 | R. H. M. | 269 | + 7 |
| Br Aerospace | 498 | +12 | Reed Intl. | 290 | +13 |
| Burnes-A | 104 | +19 | Saga Holidays | 153 | +14 |
| Cons. Gold | 701 | +38 | Sainsbury (J.) | 423 | + 5 |
| Copson (F) | 115 | +53 | Smiths Inds. | 267 | + 9 |
| Equity & Law | 294 | +17 | Tate & Lyle | 593 | +12 |
| Glanfield L | 108 | +17 | Unilever | £20⅝ | + ⅜ |
| Goodman Br | 34½ | + 3 | **FALLS** | | |
| Harris | 222 | + 8 | Tr 13¾% '00-03 | 118⅝ | − 1 |
| Helical Bar | 453 | +30 | Tr 11¾% '03-07 | 107¼ | − 1 |
| Laing (J.) | 387½ | + 9½ | Heath (C. E.) | 498 | − 2 |
| Land Sec | 344½ | + 6½ | Lucas Inds. | 455 | −14 |
| Moorgate Merc | 54½ | + 4½ | Pilkington Br | 540 | −11 |

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 26½ | 15 | AAR s | .44 | 1.9 | 17 | 44 | 23⅝ | 23¼ | 23¼ | |
| 30 | 21⅞ | ADT | .92 | 3.4 | | 265 | 26⅞ | 26⅝ | 26⅞ | +⅛ |
| 33 | 13¾ | AFG s | .12i | .4 | 15 | 617 | 29¾ | 29 | 29¾ | +⅛ |
| 25⅝ | 16¾ | AGS | | | 16 | 208 | 24½ | 24 | 24½ | +½ |
| 15 | 7¾ | AMCA | | | | 15 | 8¼ | 8⅛ | 8¼ | +¼ |
| 62⅝ | 36¾ | AMR | | | 13 | 6844 | 58⅝ | 57½ | 57⅝ | −1⅞ |
| 16¾ | 10 | ARX | .71t | 6.5 | 10 | 136 | 11⅛ | 11 | 11 | |
| 41½ | 26¾ | ASA | 2a | 5.1 | | 824 | 39⅛ | 38¾ | 39 | −¼ |
| 18⅝ | 9¾ | AVX | | | 26 | 75 | 12½ | 12¼ | 12⅜ | −⅛ |
| 32 | 25⅛ | AZP | 2.72 | 9.4 | 9 | 2709 | 29 | 28⅝ | 28⅞ | +⅛ |
| 55 | 29¾ | AbtLb s | .84 | 1.8 | 21 | 2783 | 48¼ | 47⅞ | 48 | +⅛ |
| 32 | 22⅞ | AccoWd | .56 | 2.0 | 18 | 31 | 27⅞ | 27⅛ | 27⅞ | +⅛ |
| 14⅞ | 9 | AcmeC | .40 | 3.7 | | 21 | 10¾ | 10½ | 10¾ | +⅛ |
| 9¼ | 6¼ | AcmeE | .32b | 4.9 | 17 | 7 | 6½ | 6½ | 6½ | +⅛ |
| 23⅞ | 17½ | AdaEx | 4.45e | 22. | | 74 | 20⅞ | 20½ | 20⅝ | −⅛ |
| 33⅝ | 18¾ | AdmMl | .48 | 1.7 | 13 | 28 | 27¾ | 27½ | 27¾ | +⅜ |
| 20⅝ | 12⅛ | AdvSys | .45t | 9.7 | 13 | 34 | 14⅞ | 14¾ | 14⅞ | +¼ |
| 32⅞ | 12⅞ | AMD | | | | 2897 | 16½ | 16 | 16⅛ | −⅛ |
| 12⅝ | 5¼ | Adobe | | | | 427 | 6⅝ | 6⅛ | 6⅝ | +½ |
| 16⅝ | 13¾ | Adob pf | 1.84 | 12. | | 16 | 15¾ | 15½ | 15¾ | +¼ |
| [illegible] | | | | | | | | | | |

Continued on Page 43

[redacted]



# NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 47 | 34 | PhilE | pf4.40 | 9.4 | | z370 | 47 | 46¾ | 47 | +1 |
| 94⅜ | 86 | PhilE | pf8.75 | 9.4 | | z500 | 93½ | 93½ | 93½ | |
| 13⅞ | 10½ | PhilE | pf1.41 | 10. | | 72 | 13½ | 13⅜ | 13½ | +⅛ |
| 13⅜ | 10⅛ | PhilE | pf1.33 | 10. | | 96 | 12⅞ | 12¾ | 12⅞ | |
| 12⅞ | 9⅝ | PhilE | pf1.28 | 11. | | 59 | 12½ | 11¾ | 11¾ | −¾ |
| 134¼ | 120¼ | PhilE | pf17.19 | 13. | | z290 | 129 | 128½ | 129 | |
| 124 | 105⅞ | PhilE | pf15.25 | 13. | | z80 | 119 | 118½ | 119 | +½ |
| 99 | 71 | PhilE | pf9.50 | 9.7 | | z184 | 098 | 97⅝ | 98 | |
| 85 | 59 | PhilE | pf7.80 | 9.1 | | z530 | u85¾ | 84 | 85¼ | +¼ |
| 80 | 57½ | PhilE | pf7.75 | 9.7 | | z100 | 80 | 80 | 80 | +1 |
| 19¼ | 12⅝ | PhilSb | s .84 | 5.2 | 15 | 62 | 18¼ | 17⅞ | 18⅛ | −⅜ |
| 78 | 37½ | PhilMr | s2.30 | 3.3 | 12 | 3142 | 71½ | 70½ | 70½ | −¼ |
| 19 | 10 | Phlipl | s .36 | 2.4 | 13 | 668 | 15⅝ | 14½ | 15¼ | +½ |
| 66¼ | 53¼ | PhilIn | pf 1 | 1.4 | | 1 | 73 | 73 | 73 | +5 |
| 13½ | 8¼ | PhilPet | .60 | 5.6 | 8 | 1095 | 110⅝ | 10¼ | 10⅝ | +¼ |
| 24⅜ | 19¼ | PhlPt | pf2.02e | 8.5 | | 90 | 23¾ | 23½ | 23¾ | +¼ |
| 44¼ | 28 | PhlVH | .40 | .9 | 16 | 95 | 42⅝ | 42⅛ | 42⅝ | +⅛ |
| 48⅞ | 30¾ | PiedA | s .32 | .7 | 12 | 335 | 46½ | 45½ | 45⅝ | −⅝ |
| 58¾ | 48½ | PiedA | pf | | | 185 | 58 | 57½ | 58 | |
| 22¼ | 15¾ | PieNG | s1.20 | 5.8 | 15 | 24 | 20⅝ | 20⅝ | 20⅝ | |
| 22⅜ | 10½ | Pier 1 | s | | 23 | 217 | 18½ | 18¼ | 18½ | +½ |
| 11½ | 7½ | PilgRg | n.17e | 1.9 | | 244 | 8¾ | 8½ | 8¾ | +¼ |
| 82⅝ | 57⅛ | Pilsbry | 2 | 2.7 | 16 | 403 | 75 | 74¼ | 74⅜ | −½ |
| 41⅛ | 28½ | Pilsb | wi | | | 2 | 38 | 37¾ | 37¾ | −⅛ |
| 68⅞ | 43¾ | PitnyB | 1.32 | 1.9 | 17 | 679 | 69⅞ | 69 | 69⅞ | −1 |

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 72¼ | 48⅝ | Xerox | 3 | 5.2 | 13 | 1614 | 58⅝ | 58⅛ | 58¼ | −⅛ |
| 58¼ | 54 | Xerox | pf5.45 | 9.5 | | 62 | 57½ | 57⅜ | 57½ | |
| 28¾ | 20¾ | XTRA | .64 | 2.6 | | 393 | 24⅝ | 24 | 24¼ | +⅛ |
| 18¾ | 13½ | Yorkln n | | | | 96 | 18 | 17¾ | 17¾ | −¼ |
| 45¾ | 28½ | ZaleCp 1.40 | | 3.3 | | 224 | 42½ | 42⅛ | 42⅜ | −⅛ |
| 9½ | 2¼ | Zapata | .03j | | | 189 | 2½ | 2⅜ | 2½ | |
| 43⅞ | 20¾ | Zayre | s .32 | 1.1 | 20 | 5335 | 28⅛ | 27⅛ | 28 | +¾ |
| 17 | 9¾ | Zemex | .40 | 3.6 | 12 | 5 | 11¼ | 11⅛ | 11¼ | −⅛ |
| 29⅞ | 17⅝ | ZenithE | | | | 460 | 21½ | 21⅛ | 21⅜ | |
| 18¼ | 8 | ZenLb | s | | 67 | 1507 | 11 | 10⅝ | 10¾ | −¼ |
| 22⅜ | 12⅝ | Zero | s .28 | 2.0 | 15 | 228 | 14⅞ | 14⅝ | 14¾ | +⅛ |
| 45¾ | 32¾ | Zurmin | 1.32 | 3.4 | 15 | 87 | 39¼ | 38⅞ | 39 | |
| 10⅜ | 8½ | Zweig n | | | | 444 | 9⅞ | 9⅝ | 9⅝ | −⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

Continued on Page 41

# FINANCIAL TIMES
# WORLD STOCK MARKETS

### WALL STREET

## Fares war weakens airlines

WITH the bond market closed for the Veterans' Day holiday, stock prices drifted yesterday on Wall Street in moderate trading, *writes Roderick Oram in New York*.

The Dow Jones industrial average closed up 3.66 points at 1,895.95. The New York Stock Exchange Composite index edged up 0.43 of a point to 142.14. Trading volume was 118.5m, with 774 issues declining and 746 advancing.

Among blue chips ITT advanced $1⅛ to $55¾, American Express slipped $⅛ to $59⅜, Boeing fell $⅞ to $52, Anheuser Busch was unchanged at $26, Dow was unchanged at $57⅝, IBM gained $⅝ to $123⅜ and General Motors rose $⅝ to $72⅛.

*Transportation was the weakest market sector* with the Dow Jones transportation index closing down eight points at 836.63. It was dragged down by airline stocks which were suffering from news *of a fare war in the Chicago market* initiated by Texas Air's Continental Airlines subsidiary. It is cutting fares to 30 cities from Chicago.

Texas Air was unchanged at $37⅛ *while among its competitors in the local* market AMR, American Airlines' parent, fell $1⅞ to $57⅝, Delta Airlines lost $1⅜ to $48⅞, NWA dropped $1¼ to $58⅝ and UAL declined $2 to $57⅞, USAir fell $1⅛ to $37⅞.

Transworld *Airlines, which reported* yesterday a downturn in passenger traffic in October, eased $⅛ to $23⅛. Eastern Air Lines was unchanged at $9⅛. A consortium of its unions said it would bid $10⅛ a share as a counter offer to Texas Air's $10.

Among retailers reporting much stronger third-quarter results yesterday, J. C. Penney rose $2½ to $85¾, Wal-Mart gained $1 to $46⅝ and The Limited advanced $1⅛ to $31⅛. The Veterans' Day holiday, which for retailers is also a traditional one-day sale, brought higher share prices for other store groups. Sears Roebuck edged up $⅛ to $43⅞, K mart gained $⅝ to $53⅜ and Federated Department Stores advanced $4⅛ to $89.

Staley Continental, a corn processor and food group, rose $2⅛ to $34⅛. The gain was attributed in part to takeover speculation although the company has some formidable defences in place. Alternatively, analysts said Staley could benefit from restructuring at CPC which will likely lead to the break-up of CPC's corn processing operations, known for their aggressive pricing.

*Alleghany Corp*, a financial and manufacturing holding company, leapt $8⅛ to $111. It announced late Monday a restructuring proposal which would result in a $41-a-share pay-out to shareholders *and spin-off* of all operating companies into an existing subsidiary.

Unocal gained $1⅛ to $26⅞. It declined to comment on rumours it might be the target of a friendly bid from Standard Oil which rose $1⅜ to $51¼. Standard Oil announced on Monday that it had drawn down a $5.5bn bank line of credit as part of a financial restructuring. *It said it* was interested in making takeovers but had no specific target in mind. Some analysts *believe it might be interested* in the Marathon oil subsidiary of USX which is restructuring to fight off a bid from Mr Carl Icahn.

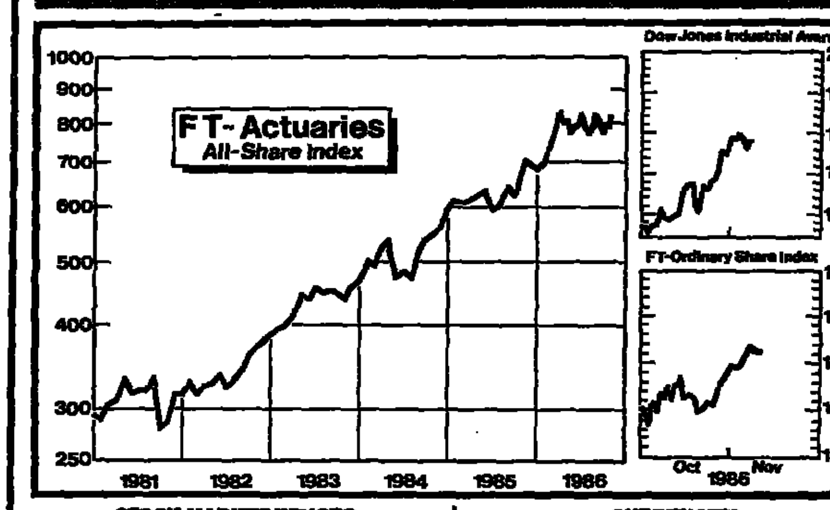
USX slipped $⅛ to $23⅜ and was the most active New York Stock Exchange issue with 3.7m shares traded.

Oil stocks were higher generally. Exxon gained $⅜ to $70, Chevron rose $1¼ to $45¾, Texaco advanced $⅛ to $37 and Atlantic Richfield was ahead $1⅛ to $59⅛.

Holiday Corp, the Holiday Inn motel chain, gained a further $2⅜ to $75⅞ after rising $1⅞ on Monday. The company has reported that Mr Donald Trump, the New York real estate investor, has a share stake.

Although the cash bond market was closed yesterday, futures markets were open with prices posting small declines *on the day*.

### KEY MARKET MONITORS




**STOCK MARKET INDICES**

| | Nov 11 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,895.95 | 1,892.29 | 1,431.88 |
| DJ Transport | 836.63 | 844.63 | 680.59 |
| DJ Utilities | 210.44 | 210.27 | 164.55 |
| S&P Composite | 247.08 | 246.13 | 197.29 |
| **LONDON** | | | |
| FT Ord | 1,311.7 | 1,313.3 | 1,074.6 |
| FT-SE 100 | 1,660.9 | 1,656.2 | 1,375.5 |
| FT-A All-share | 822.52 | 820.36 | 684.28 |
| FT-A 500 | 901.52 | 898.78 | 747.90 |
| FT Gold mines | 309.1 | 304.2 | 257.4 |
| FT-A Long gilt | 10.50 | 10.39 | 10.50 |
| **TOKYO** | | | |
| Nikkei | 17,300.56 | 17,053.20 | 12,821.3 |
| Tokyo SE | 1,430.40 | 1,413.66 | 1,010.19 |
| **AUSTRALIA** | | | |
| All Ord. | 1,383.9 | 1,400.7 | 1,031.6 |
| Metals & Mins. | 693.6 | 706.8 | 509.9 |
| **AUSTRIA** | | | |
| Credit Aktien | 227.67 | 227.07 | 203.22 |
| **BELGIUM** | | | |
| Belgian SE | c | 4,005.43 | c |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 2,134.90 | 2,143.40 | 1,891.00 |
| Composite | 3,079.70 | 3,073.60 | 2,773.4 |
| **Montreal** | | | |
| Portfolio | 558.49 | 558.20 | 134.96 |
| **DENMARK** | | | |
| SE | 186.28 | – | c |
| **FRANCE** | | | |
| CAC Gen | c | 380.80 | c |
| Ind. Tendance | c | 144.90 | c |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 666.67 | 670.27 | 586.46 |
| Commerzbank | 2,006.10 | 2,021.70 | 1,742.0 |
| **HONG KONG** | | | |
| Hang Seng | 2,207.25 | 2,206.76 | 1,722.4 |
| **ITALY** | | | |
| Banca Comm. | 754.68 | 761.29 | 404.50 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 285.00 | 284.80 | 232.6 |
| ANP-CBS Ind | 285.30 | 286.40 | 210.6 |
| **NORWAY** | | | |
| Oslo SE | 380.04 | 378.01 | 404.90 |
| **SINGAPORE** | | | |
| Straits Times | 879.28 | 878.78 | c |
| **SOUTH AFRICA** | | | |
| JSE Golds | — | 1,881.0 | 1,097.9 |
| JSE Industrials | — | 1,415.0 | 930.6 |
| **SPAIN** | | | |
| Madrid SE | 179.20 | 183.00 | 93.78 |
| **SWEDEN** | | | |
| J & P | 2,651.14 | 2,668.11 | 1,504.77 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 565.00 | 564.20 | 530.6 |
| **WORLD** | Nov 10 | Previous | Year ago |
| MS Capital Int'l | 340.8 | 339.0 | 237.6 |

**COMMODITIES**

| (London) | Nov 11 | Prev |
|---|---|---|
| Silver (spot fixing) | 398.60p | 401.65p |
| Copper (cash) | £902.50 | £901.50 |
| Coffee (Jan) | £2,203.00 | £2,282.50 |
| Oil (Brent blend) | $14.80 | $14.80 |

**GOLD** (per ounce)

| | Nov 11 | Prev |
|---|---|---|
| London | $405.50 | $410.75 |
| Zürich | $405.75 | $410.75 |
| Paris (fixing) | $412.03 | $412.03 |
| Luxembourg | $407.00 | $409.55 |
| New York (Dec) | $409.3 | $407.50 |

**CURRENCIES**

| (London) | US DOLLAR Nov 11 | US DOLLAR Previous | STERLING Nov 11 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.44025 | 1.4355 |
| DM | 2.0360 | 2.0455 | 2.93 | 2.9375 |
| Yen | 162.15 | 162.75 | 232.25 | 233.50 |
| FFr | 6.655 | 6.6875 | 9.5725 | 9.60 |
| SFr | 1.6890 | 1.6990 | 2.43 | 2.44 |
| Guilder | 2.300 | 2.3110 | 3.3075 | 3.3175 |
| Lira | 1,408 | 1,414 | 2,025.50 | 2,030 |
| BFr | 42.30 | 42.50 | 60.85 | 61.00 |
| C$ | 1.3870 | 1.3875 | 1.9950 | 1.9930 |

**INTEREST RATES**

| | Nov 11 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 11 | 11¹⁄₁₆ |
| SFr | 4 | 4 |
| DM | 4⅝ | 4⅝ |
| FFr | 8⅛ | 7⅞ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 6⅛ | 6⅛ |
| 6-month US$ | 6⅛ | 6⅛ |
| **US Fed Funds** | c* | 5⅞ |
| **US 3-month CDs** | 5.75* | 5.975 |
| **US 3-month T-bills** | 5.40* | 5.55 |

**US BONDS**

**Treasury**

| | | November 11* Price | November 11* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|---|
| 6⅝ | 1988 | | | 99²⁹⁄₃₂ | 6.408 |
| 7⅛ | 1993 | | | 99¹³⁄₃₂ | 7.234 |
| 7⅜ | 1996 | | | 98²⁹⁄₃₂ | 7.407 |
| 7¼ | 2016 | | | 98 ⅛₂ | 7.658 |

*Source: Harris Trust Savings Bank*

**Treasury Index**

| Maturity (years) | Nov 11* Return index | Nov 11* Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 157.42 | +0.11 | 7.10 | −0.01 |
| 1–10 | 150.57 | +0.08 | 6.77 | −0.01 |
| 1– 3 | 141.20 | +0.04 | 6.34 | −0.01 |
| 3– 5 | 153.36 | +0.07 | 6.90 | −0.01 |
| 15–30 | 182.05 | +0.28 | 8.20 | −0.01 |

*Source: Merrill Lynch*

| Corporate | November 11* Price | November 11* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 3⅞ July 1990 | 92.102 | 6.35 | 92.102 | 6.35 |
| SCBT South Central | | | | |
| 10⅞ Jan 1993 | 106.75 | 9.436 | 106.75 | 9.436 |
| Phibro-Sal | | | | |
| 8 April 1996 | 97.50 | 8.388 | 97.50 | 8.388 |
| TRW | | | | |
| 8⅞ March 1996 | 101.50 | 8.510 | 101.50 | 8.510 |
| Arco | | | | |
| 9⅞ March 2016 | 105.50 | 9.321 | 105.50 | 9.321 |
| General Motors | | | | |
| 8⅛ April 2016 | 89.5 | 9.16 | 89.5 | 9.16 |
| Citicorp | | | | |
| 9⅜ March 2016 | 96.75 | 9.709 | 96.75 | 9.709 |

*Source: Salomon Brothers*

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **US Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Dec | 96–14 | 96–21 | 96–13 | 96–18 |
| **US Treasury Bills (IMM)** $1m points of 100% | | | | |
| Dec | 94.65 | 94.70 | 94.63 | 94.67 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Sep | n/a | n/a | n/a | n/a |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Dec | 93.90 | 93.92 | 93.89 | 93.87 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Dec | 109–18 | 109–24 | 109–06 | 109–21 |

* *Latest available figures*

### TOKYO

## Factory site hopes fuel enthusiasm

BUYING enthusiasm strengthened gradually to boost equities almost across the board in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei average added 247.36 to 17,300.56, the fourth consecutive daily gain. Volume swelled from 355m to 540m shares. Advances led declines by 585 to 253, with 116 issues unchanged.

Stimulated by the recent sharp rise of Nippon Steel Works, off-the-book asset issues were favoured by individual investors and investment trusts on hopes of plant site redevelopments. But other institutionals remained undecided.

Japan Steel Works was the most active stock for the sixth day running, with 43.6m shares traded. But it closed Y17 down at Y376 on profit-taking after hitting an all-time high of Y402 at one stage.

In sympathy, other hidden-asset stocks gained ground, with Nippon Yakin *Kogyo firming* Y38 to Y371 *on turnover* of 14.5m shares. Kawasaki Steel, with 12.8m shares traded, climbed a maximum Y50 to Y226 while Ebara, with 23.2m shares, ended Y1 up at Y850 after *gaining* Y31 to Y880 *at one stage*. Mitsubishi Estate added Y40 to Y2,230.

Biotechnology-related stocks and pharmaceuticals rose on light buying by investment trusts and foreign investors. Takeda Chemical Industries rose Y40 to Y2,190, Tanabe Seiyaku Y50 to Y1,470, Eisai Y50 to Y1,800, Kyowa Hakko Y80 to Y2,240 *and Mitsubishi Chemical* Industries Y21 to Y895.

Paper-pulps and printings were also sought on rumours of redenomination of the Japanese currency. Oji Paper, with 14.7m shares, advanced Y84 to Y898, Dai Nippon Printing Y110 to Y1,820, Toppan Printing Y80 to Y1,520 and Dainippon Ink and Chemicals Y16 to Y481.

Tokyo Electric Power, one of the most popular stocks in recent sessions, finished unchanged at Y7,800 due to dwindling buying while Tokyo Gas improved Y19 to Y996.

Hitachi added Y32 to Y985 on news that it had concluded a cross-licence contract *with IBM on computer software*, bringing their software dispute to a final settlement.

Bonds fell across the board, reflecting the uncertain outlook for interest rates in Japan and overseas.

Futures contracts for March dropped Y0.09 to Y102.78 after rising Y0.20 to Y103.07 at one stage on buying by dealers on the Tokyo government bond futures market. This was because investors were disappointed at a slowdown in the uptrend.

This prompted small-lot selling on the spot market, pushing up the yield on the 6.2 per cent government bond maturing *in July 1995 from* 5.125 to 5.170 *per cent*. The sluggish performance was blamed on the suspension of cash buying by city and trust banks and life insurance firms following the announcement of US federal open market committee proceedings for September.

### SOUTH AFRICA

GOLDS fell in Johannesburg as the bullion price eased and the financial rand firmed.

Buffelsfontein lost R1 to R85, Gold Fields R1.50 to R59 and Driefontein R3.25 to R69.50. Mining financial Anglo American shed R1.25 to R68.50.

Among other minings, diamond share De Beers was down R1.60 at R33.25 and Rustenburg Platinum 75 cents to R49.75.

In a mixed industrial sector Barlow Rand was steady at R21.50.

### CANADA

A MODEST advance in Toronto saw gold, oil and industrial stocks moving higher.

Husky Oil traded C$⅛ higher to C$9⅞ amid speculation that it was a possible target for takeover by Hong Kong's Cheung Kong group.

Canadian Pacific, also actively traded, was steady at C$16½ after reporting a sharp drop in profits.

In Montreal share prices edged ahead across the board.

### EUROPE

## VW profits warning hits Frankfurt

DOMESTIC factors dominated the European bourses yesterday and many of them experienced thin trading and an *absence of foreign interest*.

*Frankfurt* reacted badly to the news that VW expects a 13 per cent fall in profits for the first nine months. The Commerzbank index, set at mid-session, lost 15.60 to 2,006.1.

VW's share price closed DM 16.50 down at DM 436.50 after losing DM 11 on Monday, and the lower trend soon spread to the remainder of the sector. BMW lost DM 12 to DM 566 and Daimler DM 8 to DM 1,276.

Banks also fell sharply amid some concern that the sector's difficulties relating to Neue Heimat were not yet over. *Deutsche* fell DM 8 to DM 780, Dresdner DM 4.50 to DM 399 and Commerzbank DM 4 to DM 308.

Most other sectors were lower. Among chemicals BASF lost DM 3 to DM 274 and Bayer DM 3.50 to DM 302.50 but Hoechst remained steady at DM 261.50.

The electrical sector saw *Siemens lose* DM 4.50 to DM 697 and AEG DM 2.50 to DM 308.50 while among retailers Kaufhof was DM 1.10 lower at DM 529 and Karstadt DM 7 at DM 457.

The bond market had isolated gains of up to 40 basis points. The recent 6 per cent 1998 federal government issue added 10 basis points to DM 96.50.

The Bundesbank, in its daily market-balancing operation, sold DM 30.8m worth of domestic paper after buying DM 10m on Monday.

*Zurich saw some recovery from Monday's sharp downturn following the pollution of the Rhine by the Sandoz group.*

Chemicals, in particular, staged a modest rally, helped by some bargain-hunting. Sandoz bearer shares, after falling almost 10 per cent on Monday, rose SFr 50 to SFr 10,000. However, Hoffmann-La Roche fell SFr 25 to SFr 11,175 and Ciba-Geigy, which has also admitted discharging toxic chemicals into the Rhine, fell SFr 5 to SFr 3,420.

Among banks Crédit Suisse fell SFr 40 to SFr 3,850. It announced it was selling 50,000 warrants at SFr 100 each to buy registered shares in Gebrüder Sulzer. Elsewhere in the sector, Union Bank was unchanged at SFr 5,850 and Swiss Bank rose SFr 1 to SFr 532. Among insurers Winterthur rose SFr 50 to SFr 7,000.

Nestlé, which announced a bid through its US subsidiary for Pasta and Cheese of New York, added SFr 25 to SFr 8,800.

Amsterdam firmed marginally although trading was quiet ahead of the *publication on Friday of the US producer price index*.

Unilever, which announced a 14 per cent rise in third-quarter profits, added Fl 5 to Fl 507.5. Among other internationals Royal Dutch added *50 cents* to Fl 206.50 and Akzo 30 cents to Fl 180.30. However, Philips lost 30 cents to Fl 44.80.

Elsewhere, steel group Hoogovens lost 30 cents to Fl 57.90 *after denying talk of* second-half losses while among banks ABN added Fl 3 to Fl 555.00 and NMB 30 cents to Fl 214.80.

**Paris and Brussels markets were closed yesterday for holidays.**

*Milan* continued to ease across the board as investors adjusted their positions ahead of the end of the November trading cycle at the weekend.

Among blue chips, Fiat lost L120 to L15,380, Olivetti L180 to L14,650 and Montedison L10 to L3,040.

*Oslo* firmed although those bank shares which have risen steeply this month fell back. Bergen Bank lost NKr 4 to NKr 200 and Christiania NKr 10 to NKr 219.

*Stockholm* fell again on profit-taking and worries about higher interest rates.

Ericsson, ahead of nine-month results today, lost SKr 11 to SKr 232 in active trading.

Car maker Volvo lost SKr 3 to SKr 384 and Pharmacia fell SKr 6 to SKr 199 but Asea added SKr 3 to SKr 373.

*Madrid* recorded falls in all sectors.

### HONG KONG

A RECOVERY after early falls took share prices in Hong Kong to a steady close, with the Hang Seng index 0.49 higher at 2,207.25.

The index lost 12.10 points during the morning as share prices dipped on speculation that the Cheung Kong group was planning to invest heavily in a Canada-based company.

*Cheung Kong and its associate* Hutchison Whampoa fell to HK$30 and HK$40.25, respectively, before picking up on large buying orders in the afternoon. Cheung Kong advanced 25 cents to HK$31.25 *while Hutchison* ended unchanged at HK$41.50.

### LONDON

THE GILT-EDGED market in London drifted aimlessly *yesterday* to end a shade easier.

Traders were still uncertain about the implications of government plans for higher spending and lacked a lead from federal bond markets in the US, which were closed for *Veterans' Day*. There was also caution in advance of a by-election tomorrow in the north-western constituency of Knowsley North.

The stock market, too, was rudderless, with the FT-SE 100 index closing 4.7 higher at 1,660.9 but the FT Ordinary index down 1.6 at 1,311.7.

Oils responded *slightly to reports* that Saudi Arabia plans to seek higher oil prices at this week's Opec pricing committee meeting. BP edged higher but turnover was well below recent levels.

Reed International, *which is talking* about selling its Medway division to a big Swedish paper and packaging maker, added 13p to 290p.

*Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38–39*

### AUSTRALIA

A SHARP FALL across the board in Sydney brought the recent bull run to an abrupt halt as worries surfaced over the October balance of payments figures due out tomorrow.

The weaker gold price also caused selling in golds, which helped to take the market down. The All Ordinaries index fell 16.8 to 1,383.8, the largest drop in two months.

*National Australia Bank ended* 18 cents down, but off its lows, at A$5.34 ahead of its year-end results this week.

Industrials saw News Corp down 30 cents to A$35.20 and Boral off 22 cents at A$4.23. *Mining sector falls included* CRA, down 18 cents to A$7.74, and North Broken Hill, off 7 cents at A$2.65.

### SINGAPORE

THERE were few fresh factors to influence *trading* in Singapore, and the Straits Times industrial index finished just 0.50 higher at 879.28.

Investors remained cautious despite a feeling that the market was now oversold after its five-day decline. Turnover was 19.6m shares after 19.2m on Monday.

Leading active Sealion closed unchanged at 77 cents on 1.4m shares changing hands.

Elsewhere among blue chips, Genting dropped 5 cents to S$5.55, Cold Storage was unchanged at S$3.68 and Sime Darby edged forward 1 cent to S$1.77.